

“AN EXCELLENT LABORATORY”: U.S. FOREIGN AID IN
PARAGUAY, 1942-1954

by

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THESIS ABSTRACT

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After the United States entered World War II, the nation began a technical assistance program and a military aid program in Paraguay as part of its Latin American foreign policy. The U.S. rooted its technical assistance program in an idealized narrative of U.S. agricultural history, in which land-grant colleges and the agricultural reforms of the New Deal had contributed to prosperity and democracy. The extension of this American Way to other countries would strengthen prosperity, encourage democratic reforms, and prevent fascist and Communist subversion. The U.S. also extended military aid to Paraguay to draw Paraguay’s military away from its fascist sympathies. Over the next twelve years, policymakers debated the relationship between technical assistance and military aid, their effects on Paraguay, and their compatibility with U.S. foreign policy. Initially, U.S. policymakers saw the programs as mutually reinforcing. By the mid-1950s, however, the promise of agrarian democracy remained unfulfilled in Paraguay.

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For my parents and my brother.

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CHAPTER I

POINT FOUR AND THE BIRTH OF U.S. FOREIGN AID

More than a hundred thousand people converged on the plaza of the Capitol in Washington D.C. on a frigid, windy January morning in 1949 to watch Harry Truman begin his second term as President of the United States. They filled the mall, the sidewalks of Pennsylvania Avenue, and the trees behind the sidewalks. Just after noon on January 20th, Harry Truman descended the steps of the Capitol's East Portico. The sun shown over the proceedings from a cloudless sky in the cold morning. A few minutes after noon, Truman faced Chief Justice Frederick Vinson, placed his hand on a Bible, and took the oath of office.¹ More than half a million spectators came to Washington, D.C., making it the largest inaugural celebration yet in U.S. history. And, for the first time in history, television cameras broadcast the event to the American public. Thus, the lenses focused on the face of the president as he began to address not one hundred thousand but ten million viewers. One *New York Times* correspondent, fascinated by the novelty and obvious power of the new medium, described the way the cameras "caught both the solemnity and [the] pageantry of the occasion with such startling detail and realism that the sense of 'being there' was inescapable."²

¹ Harry S. Truman, "Inaugural Address," 20 January 1949, film strip, 17:59, Universal Newsreel, C-SPAN, <http://www.c-spanvideo.org/program/077800-01>; William S. White, "More Than a Million Roar in Approval of Inauguration," *New York Times*, 21 January 1949, 1; Lewis Wood, "In the Parade which Featured the Inauguration Day Celebration," *New York Times*, 21 January 1949, 5.

² Jack Gould, "10,000,000 Viewers See the Ceremony," *New York Times*, 21 January 1949, 6.

The vast crowds in attendance, the historic television broadcast, and the display of power conveyed through the military presence were enough to ensure the inauguration a prominent place in public discourse for weeks to come. But it was Truman's address that managed to captivate the press, the academy, and the people of the United States. The newly massive audience befitted such an address, for in this speech Truman set a new course for U.S. foreign policy. Much of his address, however, was quite expectable. Truman outlined four major points of U.S. foreign policy. He declared that the United States would give its support to the newly formed United Nations. He pledged the nation to continue its assistance in rebuilding Europe and encouraging free international trade. He pledged to support these goals with military aid to U.S. allies, chiefly through the North Atlantic Treaty Organization (NATO; see Appendix for all abbreviations) and the 1947 Rio Pact with Latin American countries. But in his fourth point he diverged from confirming existing U.S. policy. Truman announced that the United States would

embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas. For the first time in history, humanity possesses the knowledge and skill to relieve the suffering of these people... The old imperialism—exploitation for foreign profit—has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair-dealing. All countries, including our own, will greatly benefit from a constructive program for the better use of the world's human and natural resources.³

With these words Harry Truman announced what would become known as his "Point Four" program. This was to be the United States' first long-term program of aid to

³ Harry S. Truman, "Inaugural Address," *Public Papers of the Presidents of the United States: Harry Truman* (Washington, D.C.: GPO, 1950), 114-115.

foreign countries, and the direct predecessor of the Agency for International Development (USAID). Truman emphasized the unprecedented nature of the program, arguing that “for the first time in history” it was possible to relieve human suffering on a global scale. Because it was so novel, and its aims so grandiose, Truman’s Point Four program became the center of a major public debate about the place of the United States in the postwar world. Supporters of Point Four argued that agricultural institutions, technology, and practices had contributed greatly to the prosperity and power of the United States. The system of land-grant colleges, experiment stations, and extension services, along with New Deal agencies like the Farm Security Administration (FSA), had allowed the United States to become a global democratic power and to assist its allies during and after World War II. Since agriculture constituted a large part of the economies of most of the developing countries that the United States sought to win over in the Cold War, Point Four would fight Communism by transplanting U.S. agricultural institutions and practices to those developing countries. This narrative glossed over the hard reality of the Great Depression and the agricultural crisis of the mid-1950s, both of which undermined the myth of the yeoman farmer as the bedrock of democracy. In Paraguay, moreover, military aid served to reinforce the power of the military elites who ruled the country.

The idea for Point Four originated with Benjamin Hardy, a speech writer in the White House Office of Public Affairs charged with drafting an inaugural address for the President. According to his wife, Hardy first mentioned the idea for a global foreign aid program for underdeveloped countries in order to forestall communism in April 1946.

Years later, he incorporated the idea into his draft for Truman's inaugural address.⁴ But the form the program would take would prove to be a controversial issue. Walter Salant, an advisor to Truman, later acknowledged that the speech did not resolve what would become one of the central points of contention in the formulation of the Point Four program: whether the program would emphasize financial investment (loans and grants) or "technical assistance." The term "technical assistance" generally connoted technology-related education in one form or another. In the Truman's first legislative offering to Congress in July 1949, the White House defined it as "activities serving as a means for or facilitating the international exchange of technical knowledge and skills which are designed primarily to contribute to the balanced and integrated development of the economic resources and productive capacities of under-developed areas."⁵ According to Salant, Point Four as it eventually operated tended to focus on technical assistance, which had the advantage of being the less costly alternative.⁶

The Point Four program expanded on an earlier wartime program in Latin America. In those years, the Office of Coordinator for Inter-American Affairs (OCIAA) carried out programs ranging from cultural exchanges to education programs and public health programs, in addition to agricultural development. Following the end of the war, President Truman disbanded the OCIAA and moved its remaining programs to the State

⁴ Christine Hardy Little, interview by Richard D. McKinzie, 23 February 1973, Harry S. Truman Library (hereafter HSTL), Independence, Missouri, 11-18, <http://www.trumanlibrary.org/oralhist/littlech.htm>.

⁵ U.S. Congress, House of Representatives, Committee on Foreign Affairs, *Act for International Development: Hearings before the Committee on Foreign Affairs*, 12-17 January 1950 (Washington, D.C.: GPO, 1950), 455.

⁶ Walter S. Salant, interview by Jerry N. Hess, 30 March 1970, HSTL, 40-41, <http://www.trumanlibrary.org/oralhist/salantws.htm>.

Department. For the next few years, U.S. policy focused on rebuilding Western Europe. In that effort, too, U.S. agriculture played a major role. With the end of the conflict, the food supply situation in Europe and across the globe rapidly deteriorated. The Truman Administration cooperated with the United Nations and the North Atlantic Treaty signees to redistribute food in order to stave off global famine. By 1949 the United States had nearly a decade of experience in using agricultural produce and technology as a tool of foreign policy and an expression of power and prestige.

Paraguay was one of the few countries in which the wartime OCIAA program continued between the end of World War II and the birth of the Point Four program. A small, landlocked country in the heart of South America, Paraguay was surrounded by two powerful neighbors, Argentina and Brazil. Where Brazil had rubber and Bolivia had tin, both critical to U.S. war production, Paraguay had little to offer in the manner of strategic resources. Its isolated, inland position also militated against its importance to Allied war efforts. And yet, Paraguay was one of the first nations to request aid under both the OCIAA program and the Point Four program. Ironically, the U.S. initiated its program in Paraguay partly as a goodwill gesture, to demonstrate that the northern country was not cynically interested in countries that were directly important to defeating the Axis. There was also a small minority of Axis nationals living in Paraguay, whose economic importance outweighed their numbers. Lastly, the United States sought to use aid to counter the pro-Axis leanings of many in the military establishment.⁷

This thesis seeks to explore the efforts of Institute of Inter-American Affairs (IIAA) in Paraguay between 1942 and 1954. Specifically, I argue that U.S. agricultural

⁷ Frank O. Mora and Jerry W. Cooney, *Paraguay and the United States: Distant Allies* (Athens, Georgia: University of Georgia Press, 2007), 93-96, 101-103.

history, institutions, and practices shaped U.S. development practice, foreign policy, and capitalist theory in Paraguay during World War II and the early Cold War, especially in the conception of the Point Four program. At the same time, military aid to Paraguay played an important part in bilateral diplomacy. The relationship between these two kinds of aid fostered a debate in the United States about the nation's goals in the postwar world and its relationship to Paraguay. Military aid challenged the idealistic vision of agrarian democracy out of which Point Four was born.

Truman and supporters of his Point Four program envisaged the concept as a small, low-budget program that would send U.S. technocrats to Third World nations. Within a year, a new organization, the Mutual Security Administration (MSA), would assume umbrella responsibility for all previous aid programs, including the Point Four program, the Economic Cooperation Administration (ECA, also known as the Marshall plan), the 1950 Far Eastern Economic Assistance Act, the 1950 China Area Aid Act, and the 1949 Mutual Defense Assistance Act.⁸ In other words, the Mutual Security Act directly integrated Point Four's "technical assistance" programs with military aid programs.

U.S. policymakers were acutely aware that a global aid program opened the United States to the criticism of being an imperial power. In his 1950 report on U.S. foreign economic policy, Gordon Gray, a special assistant to President Truman, acknowledged that this criticism was likely but denied that it reflected the reality of U.S. aims. According to Gray, some people thought that the U.S. had "a desire to impose upon

⁸ U.S. Congress, House Committee on Foreign Affairs, Mutual Security Act of 1951, Working Draft, 1 January 1951, 82nd Congress, 1st Session (Confidential Committee Print, 1951), 6-7.

others particular institutions which are (or which are thought to be) characteristic of the American economy or culture, and which they do not wish to adopt.” The true primary U.S. foreign policy goals, Gray wrote, were “the enlistment of the cooperation of other countries in defending all free nations against aggression, and improvement in the well-being of their peoples.”⁹ Notwithstanding Gray’s protestations, U.S. agricultural specialists in South America, many of whom were products of the U.S. land-grant college system, *did* attempt to transfer not just technology and techniques but also institutions from the United States.¹⁰

U.S. policy as Truman outlined it in his inaugural address was a Cold War policy, focused on utilizing every means available, short of war, to fight the Soviet Union. The United States would use military alliances, international diplomacy, intellectual debate, capital investment, and technical assistance in this new conflict. Point Four was part and parcel of this strategy. It was not designed to be altruistic. Secretary of State Dean Acheson would tell the Senate more than a year later when a bill finally reached that body, “in a very real sense, it is a security measure.”¹¹

But Truman’s language and the language of the discourse surrounding Point Four was not cynically focused only on the economic and political advantages to the United States. Rather, in a conflation that would become common in justifications of foreign aid,

⁹ Gordon Gray, *Report to the President on Foreign Economic Policies* (Washington, D.C.: GPO, 1950), 58.

¹⁰ Timothy Lorek, “Imagining the Midwest in Latin America: US Advisors and the Envisioning of an Agricultural Middle Class in Colombia’s Cauca Valley, 1943-1946,” *The Historian* 75 (2013): 283-305.

¹¹ U.S. Congress, Senate, Committee on Foreign Relations, *An Act for International Development*, 30 March and 3 April 1950, 81st Congress, 2nd Session (Washington, D.C.: GPO, 1950), 5.

Truman and Point Four supporters presented the two alternatives of altruism or national interest as entirely and almost necessarily compatible. That is, the president denied that Point Four would ask policy makers to choose between humanitarian and national security goals: the suffering of other peoples presented “a threat both to them and to more prosperous areas” like the United States. The Point Four program, according to Truman, would not benefit the few at the expense of the many, nor the rich at the expense of the poor; “all countries” would benefit, and there would be no human price to pay for progress. Global poverty had become a national security issue.

Just as Truman claimed general benefits for mankind, he saw the suffering masses as a single, general category. He made no reference to specific countries, cultures, or causes of human suffering. He constructed a binary image of a world of “haves” and “have-nots.” Later administrators of Point Four would not be as simplistic in their thinking as they have sometimes been portrayed; they would emphasize the need to address human suffering in the context of human culture. But at this stage, Truman had the luxury of glossing over the complexities that a program of such magnitude presented. Perhaps the most telling aspect of Truman’s address, then, was not the specificity of its language but the lack thereof. Truman’s announcement expressed an optimistic, technocratic view of a future without major human privation, but it did not provide a detailed plan of action.

The address set off a firestorm of public debate about the nature and scope of U.S. foreign aid. Should it involve large loans or grants? Should it consist of mainly technical assistance? What would be the respective roles of the public and private sectors? How much would Point Four cooperate with and work through the United Nations? What field

or fields should it focus on: agriculture, health, education, or industry? How closely should non-military aid be tied with military aid? The answers to all these questions about Point Four would contribute much towards determining the future of United States foreign policy in the Cold War.

Although Point Four was one policy among many that the United States would pursue in the next four years, it was a defining feature of the Cold War in ways that other policies were not. In the early years of the Cold War, the United States and the Soviet Union drew battle lines militarily and ideologically that would shape their policies over the next half century. The Cold War flared up in the form of proxy wars—Korea, Vietnam, and other places. But neither side saw warfare as emblematic of their vision of the world. Ideology—conceptions of political systems, economic systems, and human nature—remained a key point of contention. The United States used foreign aid as the most potent weapon to wage this kind of war, to prove the universal beneficence of its worldview and the falsity of communism. Some of the institutions that served as models and later recruiting bases for Point Four emerged during or immediately after World War II. That global conflagration proved a staging ground for the United States to mobilize its entire industrial and agricultural capacity and bring it to bear in every corner of the world, on the battlefield and off. Capital investment, industrialized agricultural production, education, and democracy were all hallmarks of U.S. national identity and thus were important to the vision of the Point Four program. Defining the role of each of these factors in enacting that vision was the subject of vigorous debate among policy makers, journalists, and intellectuals over the next year and a half.

Nevertheless, Congress eventually enacted Point Four legislation. On September 8, 1950, with the stroke of a pen, President Truman established a sprawling, byzantine foreign aid apparatus.¹² The United States Congress, the Export-Import Bank (Exim Bank hereafter), the World Bank, private investors, and recipient nations would all fund Point Four; the U.S. Department of State would administer the program through the Technical Cooperation Administration (TCA). President Truman appointed as head of the TCA a man named Henry G. Bennett, president of Oklahoma A& M. Henry Bennett grew up on a farm in Arkansas and in Decatur, Texas. A voracious reader and a workaholic, Bennett received his PhD from Columbia University after only a year of study.¹³ Although Bennett poured his energy into the Point Four program, his contributions were cut short when he died in a plane crash in Iran in December 1951.¹⁴ He was succeeded by Stanley Andrews, a World War II veteran who had worked as an agricultural advisor for the military governments in Germany and Italy before serving as director of the Office of Foreign Agricultural Relations (OFAR) in the USDA from 1949 to 1951.¹⁵

By the time of Bennett's death, Point Four would operate in dozens of countries, in cooperation with the United Nations, the Organization of American States (in the

¹² Harry S. Truman, "Statement by the President Upon Signing Order Concerning the Point 4 Program," 8 September 1950, The American Presidency Project <http://www.presidency.ucsb.edu/ws/index.php?pid=78333>.

¹³ Liberty L. Preston (Bennett), Mary L. Delozier (Bennett), and Mary B. Harris (Delozier), interview by Richard D. McKinzie, 1971, HSTL, 28-29 <http://www.trumanlibrary.org/oralhist/delozier.htm>.

¹⁴ "Point Four Chief, 20 Others Killed in Iran Air Crash," *New York Times*, 24 December 1951, 1.

¹⁵ Stanley Andrews, interview by Richard D. McKinzie, 31 October 1970, HSTL, <http://www.trumanlibrary.org/oralhist/andrewss.htm>.

Western Hemisphere), and the recipient countries themselves. It would use both capital investment and technical assistance. In theory, the program had something for everyone on the domestic front. For the humanitarian, Point Four would raise living standards in underdeveloped nations. For the patriot, those higher living standards would lessen the appeal of communism among impoverished nations, bring those nations into the U.S. orbit, and give the United States access to critical raw materials. For the capitalist, Point Four would make better trading partners out of underdeveloped nations in the long run and stimulate the world economy. Perhaps most tellingly, if you asked supporters of Point Four which of these was the most important goal, you probably wouldn't get a straight answer. Point Four operated on the principle that the interests of the United States were essentially the interests of "peace-loving peoples" everywhere.¹⁶

Two historians have most recently given Point Four scholarly attention. Development scholar Gilbert Rist, in *The History of Development: From Western Origins to Global Faith*, locates the roots of development theory in Western intellectuals as far back as Aristotle and Augustine. Rist argues that development theory as explicated in Point Four meant that "what happened in Europe between the eighteenth and nineteenth centuries must...be reproduced elsewhere." Thus, development theory went hand in hand with modernization theory.¹⁷ In Rist's formulation, Point Four anticipated the understanding of linear modernization that Walt W. Rostow would elaborate in his 1960 *Stages of Development*, although the latter located the beginnings of Western European

¹⁶ Truman, "Inaugural Address."

¹⁷ Gilbert Rist, *The History of Development: From Western Origins to Global Faith* (London: Zed Books, 1997), 28-34, 74.

modernization somewhat earlier.¹⁸ More recently, historian David Ekbladh, in *American Mission: Modernization and the Construction of an American World Order*, connects Point Four with President Roosevelt's New Deal. As Ekbladh perceptively argues, Point Four may have shared its goals with the Marshall Plan, but in its methods and approach to development, the Point Four program resembled the Tennessee Valley Authority.¹⁹ Thus, the Point Four program, took its inspiration from international postwar programs, domestic New Deal programs, and assumptions about the nature and course of history.

Despite the valuable contributions of Rist and Ekbladh, the recent literature on U.S. technical assistance programs specifically in Latin America is noticeably lacking. Peruvian historian Marcus Cueto's recent collection of essays and Yale doctoral student Timothy Lorek's paper on agricultural programs in the Cauca Valley of Colombia have been two notable exceptions to this dearth of attention. In Cueto's *Missionaries of Science: The Rockefeller Foundation in Latin America*, historian Deborah Fitzgerald argues that the Rockefeller Foundation's agricultural mission to Mexico during and after World War II modeled their efforts on their experience with land-grant colleges and extension services in the United States.²⁰ Timothy Lorek makes a similar claim with respect to the efforts of U.S. agricultural advisor T. Lynn Smith's work in Colombia

¹⁸ Walt W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1990), 6.

¹⁹ David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order* (Princeton: Princeton University Press, 2010), Chapter 3.

²⁰ Deborah Fitzgerald, "Exporting American Agriculture: The Rockefeller Foundation in México, 1943--1953," in *Missionaries of Science: The Rockefeller Foundation and Latin America*, ed. Marcus Cueto (Bloomington: Indiana University Press, 1994).

between 1943 and 1944.²¹ These works reinforce the idea that U.S. agricultural history and institutions provided a model on which to structure development efforts.

Unlike the scholarship on U.S.-Latin American relations as a whole, or the history of development theory and practice, the literature on Paraguay is quite scarce. Recently, however, historian Bridget Maria Chesterton's *The Grandchildren of Solano Lopez: Frontier and Nation in Paraguay, 1904—1936*, has focused on the development of Paraguayan nationalism in the early twentieth century, and historian René Harder Horst's *The Stroessner Regime and Indigenous Resistance in Paraguay* has explored the history of Paraguay's indigenous peoples under Paraguay's longest-ruling twentieth century dictator, General Alfredo Stroessner.²² Sociologist Carlos Miranda published the most recent major biography of that leader in 1990.²³ These works portray twentieth century Paraguay as a place struggling to find its identity, and a nation riven by political instability and autocratic rule. Only two major works published recently in the United States have covered the history of Paraguay's relationship with the United States. Frank Mora and Jerry W. Cooney, in *Paraguay and the United States: Distant Allies* survey diplomatic relations from their inception in the 1840s; Anibal Miranda's *United States-Paraguay Relations: The Eisenhower Years* focuses on Paraguay's relations with the

²¹ Lorek, "Imagining the Midwest in Latin America."

²² Bridget Maria Chesterton, *The Grandchildren of Solano Lopez: Frontier and Nation in Paraguay, 1904--1936* (Albuquerque: University of New Mexico Press, 2013); René D. Harder Horst, *The Stroessner Regime and Indigenous Resistance in Paraguay* (Gainesville: University Press of Florida, 2007).

²³ Carlos R. Miranda, *The Stroessner Era: Authoritarian Rule in Paraguay* (Boulder, Colorado: Westview Press, 1990).

Eisenhower administration.²⁴ These works focus on diplomatic relations between the two countries, and explore the ways in which a small country interacted with a great power. Despite the fact that Paraguay did not loom as large in U.S. relations with Latin America as other nations such as Argentina or Brazil, the history of U.S.-Paraguay relations and technical assistance programs during World War II and the early Cold War offers a useful lens through which to examine early U.S. approaches to international development and the links between those approaches and the Cold War.

This thesis, then, aims to begin connecting several heretofore disparate strands of scholarship regarding Point Four, U.S.-Paraguay relations, and technical assistance programs in Latin America. While other scholars have painted the broader picture of U.S.-Paraguayan foreign policy and outlined the genesis of Point Four, this thesis examines how Point Four functioned in the discourse of U.S. policymakers and how it worked in practice in Paraguay. It also aims to illuminate the internal debates between U.S. policymakers regarding the compatibility of anticommunism with democratic reforms. These debates reveal a wide range of opinions about the United States' use of what Joseph Nye has called "soft power," or the use of cultural connections and diplomacy rather than force in order to pursue foreign policy goals.²⁵ They offer a complicated picture of the formation of U.S. policy that was neither cynically devoted to propping up military regimes nor wholeheartedly committed to fostering democracy abroad.

²⁴ Mora and Cooney, *Paraguay and the United States*; Anibal Miranda, *United States-Paraguay Relations: The Eisenhower Years* (Washington, D.C.: Wilson Center, 1990).

²⁵ Joseph S. Nye, Jr., "Soft Power," *Foreign Policy* 80 (1990): 166, 167.

United States aid workers and policymakers initially viewed the small, sparsely populated Paraguay as a proving ground for agrarian, capitalist democracy. They based foreign aid on the assumption that impoverished, starving people were more susceptible to Communist subversion. The irony of this assumption is that it necessarily treated its purported beneficiaries as potential enemies. Although foreign aid and warfare might appear to be polar opposites in the realm of foreign relations, the supposedly thin line between desperately poor people and desperate Communist enemies of the United States meant that the United States used aid to accomplish what it might otherwise accomplish by war or military action. U.S. relations with Paraguay from World War II to the mid-1950s exemplified this tenuous relationship between development and military priorities. Paraguay signed an agreement with the OCIAA in late 1942, and with the advent of the Point Four program, Paraguay became the first Latin American nation to sign a Point Four agreement with the United States, in early December 1950.²⁶

If the United States connected development with democracy, what it meant to “develop” Paraguay’s resources was open to question. In 1951, the U.S. ambassador argued that agriculture was critical to Paraguayan growth: “If there is to be any sound economic development in Paraguay,” Ambassador Tewksbury wrote to the state department, “priority should be given to the development of agriculture.”²⁷ The ambassador’s assessment echoed the sentiments of many of Point Four’s backers: that

²⁶ Servicio Técnico Interamericano de Cooperación Agrícola, *Agricultural Progress in Paraguay* (Washington, D.C.: Food Supply Division, Institute of Inter-American Affairs, 1949), 7; Milton Bracker, “Brannan Sees Reds False on Land Aid: Agriculture Head Tells Parley in Uruguay Communism, Uses Peasants’ Hopes as Tool,” *New York Times*, 5 December 1950, 19.

²⁷ *FRUS*, 1951, 2: 1575.

agriculture was key to development and modernization. Two years later, Paraguay, despite its small size and relative insignificance in Cold War politics, was firmly entrenched in the Point Four program. Paraguay's aid program belied its small size and significance to broader U.S. security interests. By 1953 only the technical cooperation programs in Brazil and Peru were more extensive than that of Paraguay.²⁸

By the middle of the 1950s, however, the U.S. sidelined visions of democracy in Paraguay as strongman Alfredo Stroessner solidified his control over the country and committed himself to the side of the United States in the Cold War. His rise to power and the support he subsequently received challenged the assumption upon which Point Four rested: that the United States could not only prevent communism but foster democracy through small-scale agricultural projects designed not to rapidly create industrialized nations but to achieve incremental improvements in the livelihoods of people.

This thesis traces the history of U.S. foreign aid during World War II and the early Cold War. The second chapter examines both the origins of U.S. agricultural institutions and the political debates surrounding Point Four between President Truman's inaugural address in January 1949 and the enactment of legislation in September 1950. Those debates centered on the relationship between humanitarian goals and national security objectives. Supporters of Point Four drew on the history of U.S. agricultural institutions to argue that Point Four could create prosperous democracies abroad by extending those institutions to developing countries. They argued that such institutions in the U.S. had contributed both to material prosperity and political democracy. The third chapter examines the origins and progression of U.S. technical assistance in Paraguay

²⁸ *FRUS*, 1952-1954, 4:1481.

from 1942 through 1954. Technical assistance programs drew heavily on models in the United States, including the extension service, experiment stations, and New Deal agricultural reform programs. The following chapter traces the history of military assistance to Paraguay and the accompanying debate among U.S. policymakers over the compatibility of the twin goals of the United States: promoting democracy abroad and maintaining political stability in non-Communist countries. The chapter also examines the importance of historical narratives in shaping U.S. views of Paraguay, just as they shaped perceptions of U.S. agricultural institutions. Racism, condescension, compassion, and fear imbued U.S. narratives about Paraguay and shaped their goals and policies. The final chapter looks at the results of the program by the 1950s and examines some reflections of Point Four veterans. Point Four had its roots in an idealized narrative of U.S. agricultural history in which particular institutions and technology laid the basis for not only agrarian prosperity but a more democratic society. Such a society would be a natural ally of the United States and thus immune to Communist subversion. As it turned out, the two foreign policy goals behind Point Four—fostering democracy and containing Communism—that at first appeared complimentary would prove difficult to achieve together.

CHAPTER II

AGRICULTURE IN WAR AND COLD WAR

Congress would not begin to consider the program outlined in Truman's inaugural address for nine months after the speech. Not until the summer of 1950 would Truman finally sign the Point Four program into law.¹ But the Truman Administration moved quickly nonetheless: within a week of his inaugural address, President Truman authorized Secretary of State Dean Acheson to call together the heads of the departments and begin hashing out Point Four.² An offer of assistance also came fast. Two weeks after Truman's address, John Hannah, president of the Association of State Universities and Land-Grant Colleges (ASULGC), telegraphed President Truman to offer the support of his organization:

One of the greatest contributions America can make to the improvement of living standards, elimination of hunger, and fostering of peace in certain parts of the world is by encouraging education in food production, food handling, food utilization, and better homemaking and family life among rural and urban people. These have been the basic objectives...of the Land-Grant Colleges and Universities in American life since the passage 87 years ago of basic legislation for federal-state cooperation in a national system of 'people's colleges'....The troubled areas of the world are primarily agricultural, and their political problems derive primarily from their need to develop a higher standard of living...It is this problem which the United States, for all its deficiencies, has solved better than any other major nation....we offer the services of the Land-Grant institutions and their nationwide staffs and experience in the fields of research, teaching, and

¹ Harry S. Truman, "Executive Order 10159 Providing for the Administration of the Act for International Development," 8 September 1950, Executive Orders of Harry S. Truman, HSTL, <http://www.trumanlibrary.org/executiveorders/index.php?pid=82&st=&st1=>.

² Anthony Leviero, "President Orders New Plan Speeded: Truman Says He Has Directed Acheson to Begin Work on Aid to Lagging Areas," *New York Times*, 28 January 1949, 12.

extension work in agriculture, homemaking, and in the technology of improved industrial production.³

Hannah identified agriculture as the real locus of development policy, suggesting that producing more food was important as an end in itself, but also as a means of addressing “political problems” by providing “more and better food, and better clothing and housing.”

Hannah, like Truman, painted in broad, nonspecific strokes. “The troubled areas of the world” he wrote, were “primarily agricultural.” What did he mean by “troubled”? Impoverished? Wracked by war? Potentially Communist? Perhaps all of the above. Perhaps to say that a nation was “impoverished” in 1949 amounted to saying that it was potentially Communist. Just as poverty might foster Communist sympathies, prosperity and agricultural abundance might “foster peace.” In connection with that hope, Hannah claimed for land-grant colleges a place in Truman’s new development program by virtue of their long service in the United States. In essence, he implied that land-grant colleges had already been doing the work of “development” domestically, and were thus eminently qualified to transfer that work abroad. That is, land-grant colleges had been primarily focused on increasing the food production and hence prosperity of the U.S. farmer—the very task, according to Hannah, which Point Four set out to accomplish throughout the world. The land-grant colleges, moreover, had done this through scientific research and outreach through extension services, and thus these methods could serve as the basis for Point Four’s approach. Hannah’s argument that development policy should focus on agriculture was by no means universally accepted, but it spoke to the

³ John A. Hannah to Harry Truman, 4 February 1949, Papers of John A. Hannah, folder 19, Box 75, UA 2.1.12, Michigan State University, East Lansing, Michigan.

contribution of land-grant colleges to U.S. war efforts since the mid-nineteenth century. In many ways Point Four reflected Hannah's faith in U.S. agricultural institutions. Those institutions—the land-grant colleges, extension services, and, more recently, the New Deal Farm Security Administration and the wartime Institute of Inter-American Affairs—all shaped the early development of Point Four.

Land-grant colleges, like the Point Four program, had been born in war. Nearly a century earlier, in 1862, the Morrill Act allocated a certain amount of public land in each state for sale to private citizens; the proceeds of the sale would go towards the establishment of state colleges. Congressional advocates of the original land-grant college bill of 1857 (which President Buchanan vetoed) proclaimed: "Statesmen and sages of all countries, and of all times, have constantly proclaimed the great truth that the cultivation of the soil is the source and the products of agricultural industry, the foundation stone of all national prosperity; that the earth is the very storehouse from which is drawn the prosperity, wealth, and even the existence of every nation." This was a more pragmatic declaration of the importance of farming than Thomas Jefferson's belief in the moral rectitude of farmers. These congressmen argued that a nation could not survive, much less thrive, without a strong agricultural base. Nature, and humankind's ability to exploit nature's bounty, were the bases for a prosperous United States. As examples, they cited the great nations of Europe: Russia, Prussia, the other German states, and France. All had established schools for the scientific study of agriculture. In the United States, the report acknowledged, several states had established agricultural schools on their own initiative. This would not suffice, they warned: "Our country, vast as it is, has its limits, and the time will come when we will have no virgin

soils to resort to for our supplies of bread-stuffs and cotton.”⁴ The authors argued that it was in the national interest to conserve resources rather than squander them, and to find more efficient ways of growing food.

Lewis Bollman, a USDA statistician, sought to promote land-grant colleges not just as prerequisites for national strength but as seedbeds of democracy with his 1864 tract *The Industrial Colleges: The Nature of the Education to Be Given in Them; Their Several Kinds and Courses of Instruction Considered*. In response to several letters asking him how to set up what he termed an “industrial college,” Bollman published a short booklet of his views on the purpose and structure of the land-grant college. Like Morrill, he was inspired by, and to some extent modeled his ideas on, the European model, especially schools in the German states. But, also like Morrill, he believed that land-grant colleges had an additional purpose not deemed worthy in autocratic Europe. In his pamphlet, he wrote of European schools, noting, “These agricultural schools have in view but one object, and that is to make the student a good farmer.” These European statesman, according to Bollman, had no intention of extending to their people “the right of suffrage or of holding office.” In contrast, wrote Bollman, the U.S. public “should demand for every American citizen an education as unlimited as is his sphere of influence.” Bollman believed that the land-grant colleges would inculcate democratic citizenship, so important to preservation of a Union aflame in civil war.⁵

⁴ U.S. Congress, House, Committee on Public Lands, H.R. Rep. No. 261, “Land for Agricultural Colleges, &c.,” 12 April 1858, (Washington, D.C.: 1858), 6.

⁵ Lewis Bollman, *The Industrial Colleges: The Nature of the Education to Be Given in Them; Their Several Kinds and Courses of Instruction Considered* (Washington, D.C.: n.p., 1864), 6.

Two more pieces of legislation laid the basis for U.S. agricultural institutions in the twentieth century. In 1887, the Hatch Act provided for research at agricultural experiment stations run by the land-grant colleges, and in 1914, President Woodrow Wilson signed the Smith-Lever Act. Under this law, land-grant colleges became homes to extension services, educational organizations based at the colleges with branches throughout state counties. Their purpose was spread the knowledge gained from university research to farmers.⁶ Extension services employed local county agents to advise farmers on crop production and marketing. These agents also instructed farmers in the construction of storage silos, soil conservation, and breeding livestock, among other things.⁷ After 1917, the extension service also sponsored 4-H clubs to carry out similar extension work among rural youth.⁸ The Great Depression posed the first serious challenge to this tripartite agricultural system, and President Roosevelt's New Deal focused much of its energy on preserving and improving that system to address persistent rural poverty.

Perhaps one of the most innovative and controversial institutions of the New Deal was the Farm Security Administration. The FSA shared the ambitious goals of the New Deal for broad social change. As Sidney Baldwin has written, the FSA and the New Deal

⁶ Sidney Baldwin, *Poverty and Politics: The Rise and Decline of the Farm Security Administration* (Chapel Hill: The University of North Carolina Press, 1968), 287.

⁷ Wayne D. Rasmussen, *Taking the University to the People: Seventy Five Years of Cooperative Extension* (Ames: Iowa State University Press, 1989), 52.

⁸ Deborah Fitzgerald, *Every Farm a Factory: The Industrial Ideal in American Agriculture* (New Haven: Yale University Press, 2003), 53.

both saw rural poverty as a curse, and aspired to eliminate it.⁹ The FSA took its inspiration and *raison d'être* from what Baldwin has called the “agrarian myth.” According to Baldwin, this myth is “a cluster of ideas, beliefs, sentiments, and values presumably representative of the ideal rural way of life--which tended either to deny the existence of poverty altogether, or to explain it away.” Baldwin notes that the myth did not simply proclaim the farmer’s economic importance but asserted his critical role in a political democracy. This myth, which, as Baldwin noted, extended back to the writings of Jefferson in the early republic, obscured the challenging reality of the life of an American farmer, a reality that the Great Depression brought starkly to light.¹⁰

The FSA as it eventually emerged in 1937 had three main divisions: the Tenant Purchase Division, the Rural Rehabilitation Division, and the Resettlement Division.¹¹ The Tenant Purchase program helped a select number of tenant or landless farmers become small farm owners by extending credit and then overseeing the use of that credit and the operation of the farm.¹² The rural rehabilitation program operated by the same means of financial aid and technical assistance, but focused on keeping farmers who already owned land on that land. Lastly, the resettlement project program was one of the smallest and yet most controversial of the FSA programs. It was, like the rural rehabilitation program, a hold-over from the FSA’s predecessor, the Resettlement Administration. It focused on resettling impoverished farmers on new land. The most

⁹ Baldwin, *Poverty and Politics*, 18-19.

¹⁰ Baldwin, *Poverty and Politics*, 22.

¹¹ Baldwin, *Poverty and Politics*, 245.

¹² Baldwin, *Poverty and Politics*, 195.

controversial resettlement programs were collective settlements, but most farmers were resettled on single-family plots.¹³

New Deal agricultural programs like the FSA would later provide a model for development efforts in Paraguay and other countries under the Point Four program. Point Four would also employ resettlement, technical assistance, and farm credit. In one sense, these programs were in the tradition of the “agrarian myth.” But the Great Depression itself was, in many ways, a refutation of that myth. Farmers, in fact, had been suffering an economic crisis since the early 1920s, long before the rest of the country.¹⁴ As Donald Worster has convincingly argued, both the Depression and its environmental companion, the Dust Bowl, were born of specific cultural values, especially an embrace of unregulated capitalism and a mythic ideal of the individual farmer.¹⁵ Nonetheless, the FSA attempted to preserve the yeoman farmer. Although critics of the FSA argued that the agency was a radical, even communist-inspired, attempt to restructure U.S. agriculture, one regional director for the FSA, Raymond Smith, argued that the FSA was in fact a conservative organization, in the sense that it was trying to preserve the status of family farms.¹⁶ Secretary of Agriculture Henry Wallace, in arguing for the passage of legislation that would eventually create the FSA, even argued that the state of agriculture during the Depression meant that the country needed the FSA in order to prevent

¹³ Baldwin, *Poverty and Politics*, 214-215.

¹⁴ Fitzgerald, *Every Farm a Factory*, 2.

¹⁵ Donald Worster, *Dust Bowl: The Southern Plains in the 1930s* (Oxford: Oxford University Press, 1974), 6, 44.

¹⁶ Baldwin, *Poverty and Politics*, 220, 269, 354, 390.

communism from gaining popularity.¹⁷ Wallace's argument for the FSA thus foreshadowed the major argument that supporters of the Point Four program marshalled for that program.

By the time the Cold War hit its stride in the 1960s, Louisiana State Professor H.C. Sanders could write proudly that U.S. consumers paid far less for their food than those in the Soviet Union. The fact that he claimed some credit for the extension service in creating that disparity, and did so in an official history of the Extension Service, suggests that the service had been enlisted in the Cold War. Peru and Nigeria, where consumers spent forty per cent and seventy percent of their income, respectively, on food, lay within the Third World. This largely unindustrialized part of the world would serve as a battleground, literally, economically, and ideologically, for the superpowers.¹⁸

For a century, then, U.S. agricultural institutions had developed research and education functions that increased the ability of the country to provide more and more food its citizens. Although the roots of these institutions were not entirely unique to the U.S., their success became a point of pride for extension service workers, farmers, and, increasingly, those interested in extending assistance to foreign nations.

Not surprisingly, then, extension workers also played an important role in the agricultural mobilization of the country in World War II. In late October of 1941, M.L. Wilson, the USDA Director of Extension Work, spoke before the National Home Demonstration Council in Nashville, Tennessee. "With our Nation at war," he declared, "every family and every home has a responsibility in winning the war." He exhorted the

¹⁷ Baldwin, *Poverty and Politics*, 134-135.

¹⁸ H. C. Sanders, *The Cooperative Extension Service* (New Jersey: Prentice-Hall, 1966), 3.

largely female audience to remain pillars of moral rectitude and courage, and warned that many of them may be required to do “men’s work.” He denounced fascism for its glorification of the state and praised democracy as the champion of individuals and family. In a statement that would ring true to later Cold Warriors, he declared that “hunger, cynicism, and discontent furnish the best seedbed for loss of faith in our democratic system and our Christian civilization.”

Wilson went on to link democracy to education, saying “education is to the democratic way of life what food is to the body.” He told his listeners that the National Home Demonstration Council exemplified the dedication of individual citizens to democracy and education. And he reminded the audience that the home demonstration workers, along with extension workers, the Grange, the Farm Bureau, and the Farmers Union, would play a large part in producing food for a nation soon to be at war.¹⁹ The USDA likewise anticipated U.S. entry into the war in the near future.

On September 8, 1941, Secretary of Agriculture Claude Wickard issued a challenge to farmers and extension agents alike: he declared to the nation that in 1942 farmers would have to produce more food than ever before. The food, he said, was needed to feed both Americans and the British. Two months before Pearl Harbor, he stated bluntly, “This is OUR war. It is perfectly plain now that it’s Hitler or us. We are on his list.” In the longer term, he noted, America would have to begin stockpiling surpluses to feed Europe after the war: “Food will win the war and write the peace.” Secretary Wickard emphasized that it was in the self-interest of the farmer to produce more, but lest the gravity of the situation be lost on his listeners, he declared that “the future of the

¹⁹ Milburn L. Wilson, “The Rural Home and the National Emergency” (Washington, D.C.: GPO, 1942), 1, 2, 4-5.

entire civilized world” depended on the ability of U.S. farmers to provide enough food for the United States and Great Britain.²⁰

Wickard’s claim that food would “write the peace” anticipated the role that agricultural production and agricultural workers would play in the years, and decades, following the end of World War II. The success of U.S. farmers in producing record amounts of food for the United States and Great Britain sparked a pride in the institutions and people that made that achievement possible. It also implanted the idea that these institutions, and the philosophy they meant to engender, could be replicated elsewhere and bring similar prosperity. World War II laid the groundwork for Point Four in identifying the nation’s domestic agricultural production as an important facet of foreign policy and agricultural work as an incubator of democracy.

World War II also provided an important precedent for Point Four in the establishment of the Institute of Inter-American Affairs (IIAA) in 1942. While the U.S. fought wars in Europe and Asia, it sought to draw Latin America into the Allied orbit by strengthening economic, cultural, and political ties with the region. No other figure except, perhaps, President Roosevelt himself played a greater role in accomplishing this than Nelson Rockefeller. The endlessly energetic scion of the Rockefeller family and fortune, Rockefeller would go on to play a pivotal role in shaping Cold War policies, including Point Four, after the war.

In mid-June 1940, Rockefeller submitted a memorandum titled “Hemisphere Economic Policy” to Secretary of Commerce Harry Hopkins. After Hopkins forwarded the memo to Roosevelt, the President sent the document to his secretaries of state,

²⁰ Claude R. Wickard, “Agricultural Production Goals for 1942,” *Vital Speeches of the Day* 7, no. 24 (New York: City News Publishing, 1941), 764-766.

treasury, commerce, and agriculture. The document primarily advocated cooperation between private business and government in strengthening economic ties between the U.S. and Latin America. It also proposed that “a vigorous program of educational and cultural relations . . . be pursued concurrently with the economic program.” The four secretaries, in diligent bureaucratic fashion, forwarded the document to an “Inter-Departmental Committee of Experts” of their choosing. This committee responded to the four secretaries (now acting as the Cabinet Committee on Inter-American Affairs) with a proposal of their own. The “experts” suggested a plan to control exports from the hemisphere, increase the lending authority of the Exim Bank by \$500 million, and establish an Inter-American Bank. Most importantly, they suggested the appointment of a coordinator for inter-American affairs, to report to their authority.²¹

By August 1940, the committee had established the Office for Coordination of Commercial and Cultural Relations between the American Republics (OCCCRBAR).²² Shortly thereafter, FDR appointed Nelson Rockefeller to head the office.²³ On July 30, 1941, President Roosevelt signed Executive Order 8840, replacing the cumbersome name with the new title of Office of the Coordinator of Inter-American Affairs (OCIAA). The order placed the new office under the wartime Office for Emergency Management and enjoined Rockefeller to create and carry out international programs in “the arts and

²¹ Harold Gotaas, *History of the Office of the Coordinator of Inter-American Affairs* (Washington, D.C.: GPO, 1947), 5-7.

²² Gotaas, *History of the Office of the Coordinator of Inter-American Affairs*, 7.

²³ “Defense Post Goes to N. Rockefeller,” *New York Times*, 17 August 1940, 6.

sciences, education and travel, the radio, the press, and the cinema” in order to would build support for hemispheric solidarity in the face of the Axis powers.²⁴

The OCIAA quickly began branching out into other areas, however. It established five “subsidiary corporations” to coordinate programs in transportation, education, communications, public health, and agriculture.²⁵ The use of these corporations allowed for leftover funds from one year to be carried over to the next.²⁶ The public health and agriculture programs lay within the purview of the corporation known as the Institute of Inter-American Affairs (IIAA), created in 1942. Public health and sanitation, not agriculture, was its original mandate. In order to carry out the public health program, Nelson Rockefeller created a government corporation, the Institute of Inter-American Affairs (IIAA). The IIAA signed agreements with Latin American governments to establish *servicios* made up of representatives from the U.S. government and each Latin American country. Some of the first public health programs targeted malaria in Brazil. These programs were not general public health programs; they were directed at people of strategic interest: Amazon rubber tappers, miners of iron, mica and quartz, and railroad workers constructing a line to connect the mines to a port. The rubber and iron programs

²⁴ Harry S. Truman, “Executive Order 8840 Establishing the Office of Coordinator of Inter-American Affairs,” 30 July 1941, The American Presidency Project, <http://www.presidency.ucsb.edu/ws/index.php?pid=16152>.

²⁵ Gisela Cramer and Ursula Prutsch, “Nelson A. Rockefeller’s Office of Inter-American Affairs (1940 – 1946) and Record Group 229,” *Hispanic American Historical Review* 86 (2006): 788.

²⁶ Gotaas, *History of the Office of the Coordinator of Inter-American Affairs*, 231.

constituted a U.S. lifeline to those resources after rubber sources in Southeast Asia and iron mines in Europe fell to Japan and Germany.²⁷

After initiating public health programs, however, the IIAA realized that public health relied upon the availability of adequate levels of food. So, in June 1942 Rockefeller met with the Board of Economic Warfare and drew up plans for creating a subdivision of the OCIAA for the purpose of collecting “information and organizing production and distribution of food supplies in cooperation with the local authorities.” Thus the OCIAA established a Food Supply Division. In attempting to increase food production as quickly as possible, the OCIAA ran into challenges such as storing food, extending credit to farmers, improving transportation infrastructure, and improving farm technology. To address these problems the OCIAA set up extension services within *servicios*, on the model of the U.S. Cooperative Extension Service.²⁸

The *servicio* program, though intended to create an image of cooperation, raised concerns in the State Department that a government program administered by a U.S. citizen might provoke ire in less Good Neighborly times.²⁹ Future Point Four head Stanley Andrews concurred that the United States held the upper hand in running the *servicio*. He noted that “the *servicio* implied a Latin American and an American, and an international staff that went right down through to the bottom. But the Americans had the money. Which meant that everything the *servicio* did had to have the approval of the

²⁷ André Luiz Vieira de Campos, “The Institute of Inter-American Affairs and its Health Policies in Brazil during World War II,” *Presidential Studies Quarterly* 28 (1998): 528-531.

²⁸ Gotaas, *History of the Office of the Coordinator of Inter-American Affairs*, 10, 128, 133, 210.

²⁹ Gotaas, *History of the Office of the Coordinator of Inter-American Affairs*, 193.

Americans. The result was that the Americans pretty well brushed aside anything that the Latins [sic] wanted and set up our programs, instead.”³⁰ Andrews meant that each *servicio* staff contained workers from the United States and from the relevant government ministry of the country in which the *servicio* operated, working at every level of the *servicio* in close cooperation. Nevertheless, not only did the U.S. government provide most of the funds (initially); in every country except Brazil, the head of the *servicio* was a U.S. citizen. Regardless of who ran the show, the *servicios* proliferated: by 1950 they operated in twenty-four Latin American countries.³¹

The OCIAA was the product of a wartime emergency. Through the OCIAA and its offshoot, the IIAA, the U.S. meant to tie Latin America to the United States economically and politically, and support the United States’ war effort, but both agencies would outlive the war. With the war’s end, the world food crisis deepened. In February 1946, the departments of agriculture, commerce, and state jointly authored a report in which they offered a stark assessment of the situation: “For the world as a whole, the next six months will bring a food crisis which may well be the worst in modern times...more people seem likely to die from starvation or the effects of lack of adequate food in this first year of liberation than in any war year and possibly all the war years combined.”³²

³⁰ Stanley Andrews, interview by Richard D. McKinzie, 31 October 1970, p. 3, HSTL, <http://www.trumanlibrary.org/oralhist/andrewss.htm>.

³¹ John R. Neale, “The *Servicio* as a Means for Utilizing Inter-Governmental Technical Assistance,” p. 2, 4, (presentation, Fourth Inter-American Conference on Agriculture and Latin American Regional Meeting on Food and Agriculture Programs and Outlooks, Montevideo, Uruguay, December 1950).

³² Departments of Agriculture, Commerce, and State, “Report on and Recommendations to Meet World Food Crisis,” p. 3, 1 February 1946, Agriculture – Wartime folder, Series

Although the United States and Canada benefitted from an exceptionally good harvest in 1946, much of the rest of the world continued to face food shortages.³³ In June of that year, nineteen nations created the International Emergency Food Council (IEFC) to deal with the postwar food crisis.³⁴

By the winter of 1947, the global crisis remained severe. Dennis FitzGerald and Herbert Hoover cabled from Eastern Europe that “unless the program of the Famine Emergency Committee can be realized wide-spread starvation during the next three months is inevitable.”³⁵ FitzGerald, the Secretary-General of the IEFC, later reflected that the IEFC had grossly underestimated the longevity of the crisis. The IEFC believed its job would be done by the end of the 1947 harvest. Far from worrying about shortages, “there was a strong undercurrent of belief that the big problem of the near future would be that of postwar surpluses.” According to FitzGerald, this preoccupation with surpluses was a relic from the Great Depression.³⁶

I, Box 1, Papers of Dennis A. FitzGerald, Dwight D. Eisenhower Library, Abilene, Kansas (DDEL hereafter).

³³ Chester C. Davis, USDA Famine Emergency Commission, “The World’s Need for Food,” 23 March 1946, p. 2, transcript, American Broadcasting Company, “Famine Emergency Committee,” Series I, Box 1, FitzGerald Papers, DDEL.

³⁴ Bess Furman, “19-Nation Council Will Allocate Food for Shortage Duration,” *New York Times*, 20 June 1946, 3.

³⁵ USDA Famine Emergency Committee, “Hoover Reports to the Famine Emergency Committee,” p. 6, 9 April 1946, Famine Emergency Committee folder, Series I, Box 1, FitzGerald Papers, DDEL.

³⁶ Dennis A. FitzGerald, “Summary Remarks by D.A. FitzGerald,” p. 2, (transcript, “Report to the Fourth Meeting of the Council,” Washington, D.C., 26 May 1947), “IEFC-DAF Reports (Council),” Series I, Box 1, FitzGerald Papers, DDEL.

But there were no surpluses in 1947. In that year, FitzGerald told his listeners at the fifth meeting of the IEFC that “the world is now facing the third winter of postwar food shortages. It will, in general, be the worst yet.” After all, since the beginning of the year, he added ominously, the world population had increased by 200 million people.³⁷

It was in part to alleviate the stress of food shortages, at least as they applied to Europe, that the U.S. began what became known as the Marshall Plan. In a commencement address at Harvard in June 1947, General George Marshall reminded the students that the European economy remained in tatters. Marshall told the young graduates that U.S. foreign policy was not directed “against any country or doctrine but against hunger, poverty, desperation, and chaos.” In early 1948, Congress appropriated \$3 billion for the Economic Cooperation Administration (ECA), a new agency charged with carrying out the Marshall Plan.³⁸ But the existence of the ECA also created the potential for rivalry, and internecine bureaucratic battles complicated U.S. efforts at a comprehensive aid program. As Stanley Andrews, future director of Point Four, later recalled, a “war between IIAA, USDA, and the Marshall plan brought on a lot of confusions.”³⁹

Perhaps, in its zeal to get into the business of development, the ECA overplayed its hand. In March 1949, following Truman’s inaugural address, the ECA took it upon

³⁷ Dennis A. FitzGerald, “Summary Remarks by D.A. FitzGerald, Secretary- General,” p. 6 (transcript, “Report to the Fifth Meeting of the Council,” Washington, D.C., 27 October 1947), IEFC--DAF Reports (Council) folder, Series I, Box 1, FitzGerald Papers, DDEL.

³⁸ “The Address of Secretary Marshall at Harvard,” *New York Times*, 6 June 1947, 2; Felix Belair Jr., “ERP Bill Approved With Fund Scheme to Aid Tax Slash: Senate Group Votes for Use of 3 Billion of ’48 Surplus for the Marshall Plan,” *New York Times*, 18 February 1948, 1.

³⁹ Stanley Andrews, interview by Richard D. McKinzie, 31 October 1970, p. 13, HSTL, <http://www.trumanlibrary.org/oralhist/andrewss.htm>.

itself to establish a “colonial development division.” According to the *New York Times*, the ECA’s deputy administrator Howard Bruce saw this program as “designed to carry out ‘point four’ in President Truman’s inaugural address.”⁴⁰ The ECA’s unfortunate decision to name its new division the “colonial development division” raised other important questions in the debate over Point Four: was it a declaration of U.S. imperialism? What was its relationship to be with existing colonies and independence movements? The fact that the closest allies of the United States were France and Great Britain did not help those who denied the charge of imperialism. As the *New York Times* put it, “the United States has been allied with the leading colonial powers in a world-wide conflict against the Soviet Union and world communism--a fact that has often complicated our policy in the under-developed areas.”⁴¹

From the beginning, Truman acknowledged the criticism that his program would resemble “the old imperialism,” but he denied the charge. In a kind of rhetorical pre-emptive attack to quash fears of American empire, he claimed in his inaugural address that the program would be truly “democratic” and just. At the end of a World War ostensibly fought for the sake of human liberty, at a point when the major European empires were dead or dying, at the moment when the United States and Russia stood alone and facing each other down the barrel of a gun, these were important fears to allay. Truman argued that the United States, not the Soviet Union, represented the best hope for

⁴⁰ “Backward-Area Aid Program Set in Motion; ECA Names Dr. Isaiah Bowman as Director,” *New York Times*, 24 March 1949, 16.

⁴¹ “Point Four: Purposes and Prospects of the ‘Bold New Program’: Improvement of Under-Developed Areas Likely to Be Big Factor in Our Role of Advancing World Peace and Trade and Checking Communism,” *New York Times*, 26 June 1949, E5.

a peaceful world, a world in which every nation had an interest.⁴² In the discourse of Point Four, there seemed to have been an unspoken assumption that mutual dependence would ensure that national interest and altruism would not contradict one another.

Willard Thorp, Truman's Assistant Secretary of State for Economic Affairs, rejected the accusation that Point Four represented a new kind of imperialism in an article in the *Annals of the American Academy of Political and Social Science*. The United States, he argued, "has behaved most ineffectively as an imperialist." The U.S. had "permitted the Philippines to slip away into independence" and had not used the Marshall Plan to create a protected market for U.S. goods out of Western Europe. "The real new imperialism of the postwar period," Thorp contended, "is to be found in those areas which are so carefully curtailed off from contact with Western Civilization."⁴³ The Soviet Union was the imperial power that threatened world peace, according to Thorp. Point Four supporters like Thorp explicitly denounced colonialism and imperialism, and emphasized that Point Four would not mark the birth of a U.S. empire. It would be a program of international cooperation, and to that end, Truman would seek the support of the United Nations and offer his country's support to the development efforts of that organization.

The United Nations, chartered in 1945 in San Francisco, was already doing the kind of work proposed under the Point Four Program. Norris E. Dodd, an erstwhile farmer from Oregon, headed the UN's Food and Agriculture Organization (FAO) at the

⁴² Truman, "Inaugural Address," pp. 114-115.

⁴³ Willard L. Thorp, "The Objectives of Point Four," *Annals of the American Academy of Political and Social Science* 268 (1950): 22-26.

time of Truman's address.⁴⁴ Dodd, an Iowa native, had worked as a pharmacist and an independent farmer in Oregon before beginning his work for the Agricultural Adjustment Administration (AAA) in 1933. He gradually rose through the ranks of that New Deal agency until becoming its director in 1943, a post which he held for two years.⁴⁵ The idea for the Point Four program, though it began with Benjamin Hardy, developed more concretely at least in part from conversations between Dodd and Truman during Dodd's tenure at the helm of the FAO.⁴⁶ And given the goals of Point Four, the United Nations was an ideal organization through which to operate. But international cooperation had its risks and opponents in Congress. Senator William Fulbright, questioning Acheson in 1950, argued that it would be impossible to control how Point Four funds were spent "if the United Nations administers it."⁴⁷ Although the Truman Administration did not quite propose that the United Nations would be "administering" Point Four, Fulbright's confusion suggested the complexity of a federal foreign aid program that would establish bilateral treaties with dozens of nations and simultaneously cooperate with and fund the United Nations, itself representing dozens of nations, many of whom would already be receiving Point Four aid under bilateral treaties. Truman found a more threatening foe to

⁴⁴ Amy L.S. Staples, "Norris E. Dodd and the Connections between Domestic and International Agricultural Policy," *Agricultural History* 74 (2000): 393–403.

⁴⁵ Ralph W. Philips, *FAO: Its Origins, Formation and Evolution, 1945-1981* (Rome: Food and Agriculture Organization of the United Nations, 1981), chapter 7, <http://www.fao.org/docrep/009/p4228e/p4228e07.htm>.

⁴⁶ Raymond W. Miller, Interview with Jerry H. Ness, 13 October and 13 November 1969, pp. 6-7, HSTL, <http://www.trumanlibrary.org/oralhist/millerrw.htm#9>.

⁴⁷ United States Congress, Senate, Committee on Foreign Relations, *An Act for International Development*, 30 March and 3 April 1950, 81st Congress, Second Session, (Washington, D.C.: GPO, 1950), 14.

his proposal in Texas Democrat and Chairman of the Senate Foreign Relations Committee Tom Connally, who was no more ready than Senator Fulbright to entrust U.S. Treasury dollars to the purse-strings of the United Nations. Connally scoffed that U.N. involvement would make the program inefficient and costly.⁴⁸

Connally's fiscal hesitation notwithstanding, at least one U.S. official in Latin America argued that the nation could not afford to refuse aid to the region when it was already committed to many other places. Almost precisely a year before Truman announced Point Four, U.S. Ambassador to Brazil William D. Pawley advised Truman to consider aid to the Western Hemisphere. He argued forcefully that the U.S. should commit \$2 million dollars for the region. Pawley noted, "I have been convinced for many months, and I am more convinced now than ever before, that the four-year Recovery Program for Europe, the aid to Greece and Turkey, and the Chinese program compel us to seriously consider our position with reference to countries in the Western Hemisphere."⁴⁹ Pawley suggested that the United States could not pour money into countries across the world without extending similar aid to Latin America.

Truman agreed. One month after his inaugural address, Truman asked Congress to prevent the expiration of the IIAA, scheduled for termination on July 1, 1950. The Truman Administration argued that the IIAA was already carrying out in sixteen Latin

⁴⁸ "Acheson Asks Fast Point 4 Aid Action: Cheap Way to Get 'Big Results' Against Reds, He Tells Congress," *Los Angeles Times*, 31 March 1950, 17.

⁴⁹ William D. Pawley to Harry Truman, 12 February 1948, State Department, Correspondence, 1948-49 folder [1 of 6], Box 39, Confidential Files, White House Office Central File, Papers of Harry S. Truman, HSTL.

American countries the work that Point Four proposed to carry out all over the world.⁵⁰ The IIAA, established in 1942 as a subsidiary corporation of the OCIAA, served as a model for the Point Four program in its methods and organization. The United States approached the conflict in the Third World in a variety of ways, one of which was “development.” And so the *servicio*, whose founders intended to dissolve it after the Axis threat was crushed, found a new purpose and a new threat. If the role of the county extension service in fighting the Cold War was somewhat abstract and invisible, the agencies it inspired in the Third World would be closer to the front lines of the conflict.

In order to lay the intellectual groundwork for Point Four, President Truman commissioned one of his advisors, Gordon Gray, to write a report on the nation’s foreign economic policies. In November 1950, Gray submitted his report, which devoted the fourth chapter to an assessment of underdeveloped countries. He asserted that “the pressing need of most underdeveloped regions is for agricultural reforms which would combine measures to raise agricultural productivity with steps to ameliorate the tenure, credit, and tax burdens that bear most heavily upon the agricultural population.”⁵¹ The Gray Report indicated that among rural populations, agrarian reform would be critical to drawing them into the “free world” orbit. He went on to link the poverty of the Third World with the Cold War: “These countries no longer accept poverty as an inevitable fact of life. The contrast between their aspirations and their present state of unrelieved poverty makes them susceptible to domestic unrest and provides fertile ground for the growth of

⁵⁰ Bess Furman, “Truman Asks Lift in Hemisphere Aid: Requests Congress to Prolong and Expand Institute of Inter-American Affairs,” *New York Times*, 22 February 1949, 20.

⁵¹ Gray, *Report to the President on Foreign Economic Policies*, 50.

Communist movements. Some of these countries, in addition, are geographically close to Soviet-dominated countries.”⁵²

In addition to agricultural programs, Point Four created strategic resource extraction programs to ensure U.S. access to raw materials needed for industrial and military production—rubber, tin, and manganese, among others. In one of the initial studies of Latin America’s strategic resources, George T. Ross, the TCA’s Chief of Industry and Government Services, authored a preliminary report on the task of extracting strategic resources and argued that the key problem was the development of infrastructure—transportation and power—that would allow the United States to import these materials. He had tried to craft a plan that would simultaneously obtain raw materials that the U.S. deemed vital to its strategic interests and improve Latin American infrastructure, thus permitting Point Four to serve “unannounced strategic requirements of the United States.”⁵³ His assertion that the Point Four program would serve U.S. interests “unannounced” suggested that he did in fact think U.S. interests could coincide with those of the intended beneficiaries of the program, but that U.S. national security interests should not be advertised in the program.

Ross’s assistant, Colonel Douglas Gillette, also claimed that resource extraction would be an economic boon to both regions. He wrote that Latin America could prosper by exporting the raw materials that the developed countries of the West needed, and that

⁵² Gray, *Report to the President on Foreign Economic Policies*, 49.

⁵³ Technical Cooperation Administration, “Report on the Possibilities of Expanding Production of Strategic Materials in Latin America by Improving Power and Transportation Facilities,” p. vi, 2 January 1952, State Department, Correspondence, 1951-52 folder [4 of 6], Box 42, Confidential Files, White House Central File, Truman Papers, HSTL.

“that community of interest requires sympathetic and realistic consideration.” His use of the phrase “community of interest” suggested that mutual dependence entailed equal power relationships, or at least evaded the question of whether one power might dominate others.⁵⁴

Gillette also pointed to the fact that strategic materials were critical to the U.S. economy no matter what the political situation. He wrote that “whether the cold war continues, or turns into a hot war, or into no war at all,” both Latin America and the United States would need to plan for the more efficient and productive extraction of such materials. Gillette’s statement also revealed an important truth about the early years of the Cold War: that many people still anticipated a hot war—not a war of nuclear annihilation, although such weapons might be used—but a “conventional” war with the Soviet Union. It also suggested that if such a war became a reality, the United States would once again find itself restricted to the Western Hemisphere’s supply of raw materials.⁵⁵ Thus, Point Four was a critical program not just for waging a cold war and preventing Communist subversion, but potentially for preparing for a new, direct conflict with the Soviet Union, one in which the United States could not access strategic materials in Asia, Africa, or Europe.

The National Security Council also feared the consequences of being restricted to the Western Hemisphere in a war and formulated its policies recommendations for the region accordingly. In September 1951, the National Security Council circulated a report

⁵⁴ TCA, “Report on Expanding Production of Strategic Materials in Latin America,” p. viii, HSTL.

⁵⁵ TCA, “Report Expanding Production of Strategic Materials in Latin America” p. x, HSTL.

on trade between Latin America and the Soviet Bloc that referred to a section of the year's appropriations act which prohibited financial or economic assistance to countries that traded with the Soviet Bloc "during any period in which the Armed Forces of the United States are actively engaged in hostilities in carrying out a decision of the Security Council of the United Nations" that is, during the ongoing Korean War. The law, however, allowed the NSC to recommend exemptions for national security purposes. It was for the purpose of requesting exemptions that the NSC issued its determination regarding Latin American nations. The NSC noted that the total amount of trade with the Soviet Union was marginal. Since none of that trade was of a military nature, the NSC recommended exempting Latin America, in its entirety, from prohibitions on Soviet trade, noting that ending all trade would cut off U.S. access to strategic materials in the region.⁵⁶ The report thus confirmed the importance of strategic materials to foreign aid procedures, asserted that Latin American nations were not supporting the Soviet economy, and argued that any drop off in aid would hinder their willingness to support the U.S. economy.

An earlier draft of the determination suggested what was at stake in revealing terms. It asserted that "We have, through the years, built up what amounts to a Western Hemisphere bloc, with a good esprit de corps, which has been invaluable to us in the

⁵⁶ National Security Council, "Draft Report by the National Security Council on Trade Between Certain Latin American Republics and the Soviet Bloc in the Light of Section 1302 of the Third Supplemental Appropriation Act, 1951," pp. 3-4, 29 September 1951, NSC Determinations #21 [Certain Latin American Republics] folder [1 of 2], Box 7, Staff Member and Office Files, Truman Papers, HSTL.

United Nations.”⁵⁷ A reader had crossed this statement out in pencil, and it does not appear in the final draft. Nevertheless, the creation of such a “bloc” was in fact the goal and had the effect of prohibiting almost all trade with the Soviet Union. This suggested that free trade as such was never isolated from political realities—no free world government would condone trading with the enemy.

Such arguments failed to distract nay-sayers from the possible price-tag of the program. Critics maintained that even an exclusively U.S.-run program would be an unnecessary burden on the United States. An editorialist for the *New York Times* writing under the pen name “Polyzoides” contended that despite Truman’s assurances in his inaugural address that Point Four would rely on private investment, the program would in fact be carried out on the backs of U.S. tax payers. He pointed out that the reason the U.S. had to insure investors against expropriation and guarantee their ability to convert local currency to U.S. dollars was that “underdeveloped” areas were not sound investments. Another editorialist stated bluntly that U.S. businessmen should invest in the U.S. economy, for it was the national economy that would matter “when the showdown comes with the enemy.”⁵⁸

The issue of Point Four funding was certainly a contentious issue. In his address, Truman had stated, “we should foster capital investment in areas needing development.” But he had not specified who would provide the capital. When the House finally began a

⁵⁷ NSC, “Supplement to N.S.C. Determination No. 4 Under Section 1302 of the Third Supplemental Appropriation Act, 1951,” p. 10, 27 June 1951, NSC Determinations #21 [Certain Latin American Republics] folder [2 of 2], Box 7, Staff Member and Office Files, Truman Papers, HSTL.

⁵⁸ Polyzoides, “People of U.S. Can’t Ignore Point 4 Cost: Task of Developing Backward Areas Looks Formidable,” *Los Angeles Times*, 17 January 1950, 9; the quote comes from “Point 4 of the Giveaway Program,” *Los Angeles Times*, 2 April 1950, A4.

hearing on Point Four legislation on September 27, 1950, Assistant Secretary of State Jim Webb explained that the bill had two parts: one to administer technical cooperation programs under bilateral and multilateral treaties, and one to encourage private investment by insuring U.S. investors against expropriation and guaranteeing their ability to convert local currency earned abroad into U.S. dollars.⁵⁹ The investment guarantee had been spurned by the *Los Angeles Times* as a desperate attempt to attract investors to an unattractive investment. In fact, however, some of the earliest backers of the idea were congressmen speaking for the interests of a company that had already invested overseas. Only a month after Truman delivered his inaugural address, Montana Representative Mike Mansfield and Massachusetts Representative John McCormack told the House that the Guatemalan government was discriminating against its largest foreign investor, the Boston-based United Fruit Company, and that such discrimination would hinder the progress of Point Four.⁶⁰

But many supporters of Point Four agreed with the *Los Angeles Times* that private investors would not necessarily feel comfortable investing in underdeveloped countries. James Warburg argued that private investors by nature were profit-driven and would not invest in long-term projects that held no promise of short-term return. Warburg also pointed out that inhabitants of nations receiving Point Four aid might see private

⁵⁹ U.S. Congress, House of Representatives, Committee on Foreign Affairs, *International Technical Cooperation Act of 1949*, 27-30 September and 3-7 October, 1949, 81st Congress, 1st Session, (Washington, D.C.: GPO, 1950), 4-5.

⁶⁰ 81 Cong. Rec. H1463-1464 (21 February 1949); 81 Cong. Rec. H1498 (24 February 1949).

investment as yet another form of colonialism.⁶¹ *Newsweek* journalist Henry Hazlitt took a far different critical view; he likely baffled readers in Washington and Moscow when he declared that Point Four was itself Communist-inspired.⁶²

The Soviet Union and its allies did not agree. Shortly after Truman's inaugural address, newspapers in Moscow began criticizing the program as an imperialist attempt to expand capitalist markets.⁶³ The Polish delegate to the United Nations accused the U.S. of using the program to expand into foreign markets. He argued that the United States, if its aims were sincere, had no need to establish a separate program outside of the United Nations.⁶⁴ Another Soviet U.N. delegate argued that the United States had designed the Point Four program to take over control of the colonies of the wartime allies of the United States. He used his criticism as a platform to offer the expertise and technology of the Soviet Union to aid underdeveloped countries, holding up Bulgaria and Romania as examples of the potential for Soviet development.⁶⁵ The Soviet Union had entered the field of international development, demonstrating the potency of that concept as a weapon in the Cold War. Both the United States and the Soviet Union employed the discourse of imperialism and development to attack each other.

⁶¹ James P. Warburg, "A New Look at the Economic Challenge," *Annals of the American Academy of Political and Social Science* 270 (1950): 28-29.

⁶² Henry Hazlitt, *Illusions of Point Four* (Irvington-on-Hudson, New York: Foundation for Economic Education, 1950).

⁶³ Sergius Yakobson, "Soviet Concepts of Point Four," *Annals of the American Academy of Political and Social Science* 268 (1950): 129-139.

⁶⁴ "Point Four Is Hit as Monopoly Tool," *New York Times*, 5 October 1949, 13.

⁶⁵ "Soviet Says Point 4 Is a Colonial Plot: Russian Tells United Nations Economic Council Truman Plan Is for Exploitation," *New York Times*, 27 July 1949, 7.

The opposition of the Soviet Union to Point Four was not without reason. Supporters of Point Four never ceased proclaiming its potential to fight Communism. When Secretary of State Dean Acheson testified before Congress in May 1950, he noted that the U.S. government had carried out technical assistance before, and that investment in foreign countries was nothing new. He argued, however, that Point Four sought to invest these activities with new energy and effort because “Today, the free way of life is under attack in every part of the world, including those areas of the world which we call “underdeveloped’.” In those areas, Acheson continued, impoverished people were “not concerned with abstract ideas of democracy or communism.”⁶⁶ Acheson reinforced the idea that the Cold War was one of ideology, but argued that it must be fought by more concrete means than intellectual debate. U.S. proponents of development aid like Acheson often argued that aid was necessary because newly independent peoples saw democracy and communism as highly abstract concepts irrelevant to their daily lives.

Supporters of the Point Four program adopted Truman’s intellectual conflation of altruism and self-interest, from both a political and an economic standpoint. They unceasingly disavowed the idea that Point Four constituted a “hand-out.” The admitted self-interest of the program meant more than a belief that impoverished nations would turn Communist. Point Four would also help the United States economy by creating more markets. In the perennial identification of global prosperity with U.S. prosperity, the *New York Times* argued that “healthy, prosperous people who have money are better

⁶⁶ U.S. Congress, Senate, Committee on Foreign Relations, *An Act for International Development*, 30 March and 3 April 1950, 81st Congress, 2nd Session (Washington, D.C.: GPO, 1950), 4.

customers than sick, ill-educated people who don't.”⁶⁷ James Warburg, a prominent New York economist and former U.S. delegate to the World Economic Conference, argued that the hard-earned tax dollars of the U.S. citizen would not be an “expenditure” but an “investment...in the sense of building up the purchasing power of the future customers for American products.”⁶⁸

Some supporters argued that the fact that there were so many different motivations for Point Four did not even matter. Willard Thorp, one of President Truman's assistant secretaries of state, wrote that it “seems hardly necessary to exhaust ourselves in quarreling over the relative importance of the suggested hypothesis.”⁶⁹ If everyone agreed on the worthiness of the program, he argued, then it was not necessary to debate or determine what made the program worthy. Political science scholar Thorsten Kalijarvi, who would later serve as assistant secretary of state for economic affairs under President Eisenhower, wrote in the *Annals of the American Academy of Political and Social Science* that “the economic motive [of Point 4] is not inconsistent with the obvious altruistic motive.”⁷⁰ Kalijarvi, like Truman, denied that the United States even had to choose between altruism and self-interest: the interests of the world were the interests of

⁶⁷ “Point Four: Purposes and Prospects of the ‘Bold New Program’: Improvement of Under-Developed Areas Likely to Be Big Factor in Our Role of Advancing World Peace and Trade and Checking Communism,” *New York Times*, 26 June 1949, E5.

⁶⁸ James P. Warburg, “A New Look at the Economic Challenge,” *Annals of the American Academy of Political and Social Science* 270 (1950): 29.

⁶⁹ Willard L. Thorp, “The Objectives of Point Four,” *Annals of the American Academy of Political and Social Science* 268 (1950): 22.

⁷⁰ “Dulles Aide Moves Up: Kalijarvi is Named Assistant Secretary of State,” *New York Times* 28 February 1957; Thorsten V. Kalijarvi, “Point Four in the Contemporary Setting,” *Annals of the American Academy of Political and Social Science* 268 (1950): 2.

the United States, and vice versa. Kalijarvi also pointed to another potential economic benefit that Point Four held for the United States: it was a potential means for the U.S. to stockpile raw materials through trade with the nations in which the program operated.

Kalijarvi's hope that Point Four would yield access to raw materials for the United States was widely shared. The *New York Times* and the *Christian Science Monitor* pointed out in editorials supporting Point Four that United States Geological Survey scientists working in Brazil had located hitherto unknown deposits of manganese, an ore used in manufacturing steel. These finds were especially important, they argued, because the United States had previously obtained most of its manganese from the Soviet Union.⁷¹ By July 1951, less than a year after Truman signed the Point Four into law, half of the twenty-two countries in which Point Four operated had programs to exploit minerals.⁷²

Given the popularity of the argument that Point Four would fight the appeal of Communism, perhaps the most peculiar argument that supporters made was that Point Four was not even related to the Cold War. Capus Waynick, the man in charge of planning for the program while legislation made its way through Congress, downplayed the importance of the Communist threat as a factor in Point Four. According to the *New York Times*, Waynick saw Point Four as "only incidentally an instrument in the 'cold war.' In the main," the article continued, he considered it "a major element in a foreign policy that will combat communism by increasing the standard of living in areas that

⁷¹ Ira E. Bennett, "Technique of Point Four--Proposed Program Linked Closely to National Security and World Development," *Christian Science Monitor*, 31 December 1949 as cited in: Congressional Record--Appendix, 9 January 1950, A109; "Point Four: Purposes and Prospects of the 'Bold New Program,'" *New York Times*, 26 June 1949, E5.

⁷² U.S. Congress, House of Representatives, Committee on Foreign Affairs, *Staff Memorandum on Potential Production of Strategic Materials by Point 4 Countries*, 1 January 1951, 82nd Congress, 1st Session (Washington, D.C.: GPO, 1951), 6.

have long considered themselves neglected by the ‘capitalist powers.’”⁷³ It may seem difficult now to view any program that would “combat communism” as only “incidentally” part of the Cold War. But it was not difficult for the *Times* in late 1950. Waynick, according to the *Times*, saw humanitarianism as the primary purpose of Point Four, and it was for that precise reason that would effectively fight the most inhumane doctrine.

Henry Wallace, former secretary of agriculture and then vice president under Roosevelt, also saw the connection between foreign aid and U.S. national security interests. Unlike most promoters of foreign aid, he opposed that connection. In a 1952 speech in Des Moines, Iowa, he declared, with an eye to the upcoming presidential elections, “I believe both Stevenson and Eisenhower have too much sense to think that American help to backward areas can stop Communism if it is offered in a semi-military spirit as part of a cold war.” Rather, the United States should extend agricultural and technical expertise through international organizations like the U.N. and the Food and Agricultural Organization.⁷⁴

Henry Wallace’s insistence that aid had to be extended in a non-military manner *in order* to halt the spread of Communism revealed a paradox: Even those who criticized Point Four’s conscription into the Cold War seemed to find themselves arguing a difficult position. James Warburg, the economist who maintained that U.S. tax dollars would help raise the purchasing power of developing nations, averred that the United States had

⁷³ “Point 4 Groundwork Laid,” *New York Times*, 3 September 1950, 73.

⁷⁴ Henry A. Wallace, “Wallace’s Talk,” p. 6, Speech, Des Moines, Iowa, 15 September 1952, “Andrews - Gov’t Service File, 1942 53 - 1953 Telling the Agricultural Story by Stanley Andrews,” Box 10, Papers of Stanley Andrews, HSTL.

“been proceeding upon an almost wholly negative concept of extending economic and military aid wherever needed to contain Soviet-Communist expansion.” He opposed Point Four because, in his view, it was more of the same confrontational policy. Despite Warburg’s insistence that U.S. aid should not be used as an instrument in the Cold War, he concluded his argument by noting that if the United States were to embark upon a global aid program unconnected to the Cold War, “we should present the Kremlin with a challenge, not to its power, but to its purposes.”⁷⁵ Yet this was precisely what Point Four sought to do.

If Point Four was anti-Communist, it was not always explicitly a capitalist venture. John Hannah, the head of the Association of State Universities and Land-Grant Colleges (ASULGC), proclaimed in a tribute President Truman that Point Four represented the hope of a world ravaged by war:

Those who have lived through the greater part of the first half of the Twentieth Century have reason to hope profoundly that the record to date can be improved upon. Wars, famine, and the widespread degradation of masses of men have been the highlights of our half century. Science, our great servant, is in danger of perversion to the destruction of mankind, rather than its improvement. Men everywhere, even in our own land of plenty, feel insecure and confused, seeking some reasonable answers to the questions which perplex them. Money, we have found to our sorrow, cannot buy everything; indeed, we sometime wonder whether it can buy anything of lasting value.⁷⁶

Hannah’s words were not only a tribute to Truman but a eulogy to an earlier era when so many people perceived science as humanity’s “servant,” and capitalism as the engine of

⁷⁵ James P. Warburg, “A New Look at the Economic Challenge,” *Annals of the American Academy of Political and Social Science* 270 (1950): 22-34, 32 and 34.

⁷⁶ Thomas Keehn to Harry Truman, with attachment, “National Conference on International Economic and Social Development,” p. 3, 25 April 1952, The Point Four Program: Reaching Out to Help the Less Developed Countries folder [1 of 10], Student Research File # 28, Papers of Harry Truman, HSTL.

progress. Hannah repudiated the unrestrained capitalist ethos in recognition of lessons learned during the Great Depression and four years of war. He mourned nightmare that science had spawned from the dreams of the last fifty years and called for a recommitment of science to human progress and prosperity. In the postwar era, Hannah suggested, the United States should try to shape a more livable world out of the destruction and death of the last war. In places like the small South American country of Paraguay, the United States would test its vision for such a world.

CHAPTER III

“AN EXCELLENT LABORATORY”

In March 1950, just three months after Truman’s inaugural address, the U.S. embassy in Paraguay produced a proposal for a U.S.-Paraguay joint commission for economic development under Point Four. It called for the funding of ten additional U.S. experts in the fields of agriculture, forestry, and public health. The report recommended that Paraguay’s Point Four program be modeled on the IIAA’s program, especially in its agricultural projects.¹ That summer, Albion Patterson, the chief of the Institute for Inter-American Affairs in Paraguay, wrote to Rey Hill, the IIAA’s Director of Food Supply in Washington, D.C. Patterson heartily endorsed Point Four’s potential for Paraguay and proposed a series of potential programs, mostly in agriculture. He described Paraguay as an “excellent laboratory” for President Truman’s new program for international development in Third World countries. Paraguay could serve as an experiment, according to Patterson, because the country’s resources were “still pitifully underdeveloped.”

Patterson noted that although his suggestions focused on agriculture, he also advocated development of infrastructure, because Paraguay would “remain an ox-cart country with all that the term implies until it gets more and better roads and waterways.” Patterson maintained that paved roads and navigable rivers were a prerequisite to both modernizing Paraguay and connecting it to export markets. Finally, he proposed that Point Four also begin to develop industry so that Paraguay’s exports would not remain

¹ “Technical Cooperation Program-1951: Paraguay,” pp.1-2, 21 March 1950, Paraguay-Budget 1952 folder, Box 99, Institute of Inter-American Affairs Administrative Office Country Files (Central Files), 1942-53, Records of U.S. Foreign Assistance Agencies, 1948-1961, Record Group (RG) 469, National Archives (NA), College Park, Md.

confined to “undeveloped and unrefined products of unskilled labor.”² Patterson’s argument must have been convincing, for on December 29 of the same year, Paraguay became one of the first countries in Latin America to sign a bilateral agreement with the United States for a technical cooperation program under Point Four.³ But in Paraguay, as in most other Latin American countries, technical assistance programs had already been in place since the early years of the previous decade.

The 1942 agreement between Paraguay and the U.S. had established the Servicio Técnico Interamericano de Cooperación Agrícola (Inter-American Technical Service for Agricultural Cooperation, or STICA). Much like the Point Four program, the wartime STICA program in Paraguay sought to extend foreign aid to gain and keep Paraguay’s good will and forestall any interventions, real or imagined, by the enemies of the United States. In the global conflagration of World War II, Paraguay mattered little. It was a small, sparsely populated country situated between two larger neighbors of greater influence, Brazil and Argentina. The vast majority of its roughly 1.1 million people lived in the eastern third of Paraguay, separated from the arid Gran Chaco region to the west by the Paraguay River.⁴ It had little to offer in the way of “strategic resources” except

² Albion Patterson to Rey Hill, pp. 1-2, 8 June 1950, Paraguay- Budget 1952 folder, Box 99, Institute of Inter-American Affairs Administrative Office Country Files (Central Files), 1942-53, RG 469, NA.

³ “Point Four General Agreement for Technical Cooperation between the United States of America and the Republic of Paraguay,” p. 3, 29 December 1950, Maps 1951 folder, Box 6, Mission to Paraguay Office of the Director Subject Files (Central Files) 1942-1958, RG 469, NA.

⁴ STICA, *Agricultural Progress in Paraguay*, 2.

quebracho tree extract, a source of tannin, used for tanning leather.⁵ Thousands of miles separated the small South American country from the United States. But Paraguay was also home to a small community of expatriates from Axis countries whose influence and importance outstripped their numbers.

Immigrants from Axis countries contributed a disproportionate share to Paraguay's economy, which posed a challenge to the U.S. policy of waging economic warfare against Axis interests in the Western Hemisphere. Beginning in the summer of 1941, the United States released a "proclaimed list" of companies owned by Axis nationals and proceeded to request that U.S. companies operating in Latin America stop doing business with them.⁶ As late as April 1944, however, U.S. Ambassador Wesley Frost estimated that Germans and Italians owned 20 to 30 percent of the businesses in Asuncion.⁷ Moreover, many in the police and the military forces admired Hitler's Germany, and the head of the national police force named his son Adolfo Hirohito after the Fuhrer and the Japanese emperor.⁸ Paraguay's interest in Germany did not go unreciprocated or unstimulated: German investment in Paraguay jumped from 1.9 percent to 12.8 percent between 1933 and 1938.⁹ The economic and military ties that bound

⁵ "TCA Point Four Budget Presentation Fiscal 1954, Paraguay," p. 2, 1 January 1955, Paraguay- Budget 1954 folder, Box 99, Institute of Inter-American Affairs Administrative Office Country Files (Central Files), 1942-53, RG 469, NA.

⁶ Gotaas, *History of the Office of the Coordinator of Inter-American Affairs*, 17.

⁷ *FRUS*, 1944, 7: 1495.

⁸ Mora and Cooney, *Paraguay and the United States: Distant Allies*, 95.

⁹ Frank O. Mora, "The Forgotten Relationship: United States-Paraguay Relations, 1937-1989," *Journal of Contemporary History* 33 (1989): 453.

Paraguay with Axis countries, especially Germany, drove the United States to initiate its aid programs in order to bring Paraguay into the Allied orbit.

U.S. economic and strategic interest in Paraguay was new to relations between the two nations. For most of the period between Paraguay's independence from Spain in 1811 and World War II, relations between Paraguay and the U.S. had been relatively insignificant for both parties. Paraguay's first dictator, Dr. Jose Gaspar Rodriguez de Francia (1814-1840) pursued a conscious policy of isolation, even from closer neighbors like Brazil and Argentina. Francia's successors, Carlos Antonio López (1844-1862) and his son Francisco Solano López (1862-1870), had relaxed that policy of isolation, but the distance and the lack of shared interests kept the U.S. and Paraguay apart.¹⁰ That began to change in the 1930s. The first major U.S. diplomatic overture was its failed attempt to mediate a peace settlement between Paraguay and Bolivia during the Chaco War (1932-1935).¹¹ Five years after the end of the Chaco War, World War II brought the two nations closer together than ever before.

The U.S. IIAA began its operations on December 30, 1942, when the United States and Paraguay signed a joint agreement for the establishment of the Servicio Técnico de Cooperación Agrícola (Technical Service of Agricultural Cooperation, or STICA), with an initial budget of \$50,000 from Paraguay and \$250,000 from the U.S.¹² The *servicio's* agricultural division and the Paraguayan ministry of agriculture carried out a wide variety of programs, including grasshopper eradication, rice experimentation, milk

¹⁰ Mora and Cooney, *Paraguay and the United States*, 2, 5.

¹¹ Mora and Cooney, *Paraguay and the United States*, xi-xii.

¹² STICA, *Agricultural Progress in Paraguay*, 7.

pasteurization and the construction of underground silos for crop storage.¹³ However, the fundamental programs upon which all others depended were in agricultural credit, farmer resettlement, livestock improvement, and extension work.

Before beginning any of these programs, the *servicio* had to overcome its ignorance of a country so far away, where few North Americans had traveled and where little statistical data on agriculture existed. In order to conduct an initial survey of the country, the IIAA sent former Wyoming extension agent Floyd Dominy to Paraguay in 1942. Dominy, who would become the longest-serving director of the U.S. Bureau of Reclamation, grew up in Nebraska in the years of the Dust Bowl. While working as an extension agent before the war, he assisted Wyoming's farmers in building small dams to create reservoirs of water for their livestock. During the war, Dominy worked to set up farms to grow food for miners and loggers engaged in resource extraction for the Allied war effort.¹⁴

In Paraguay, however, Dominy's main contribution was one of the first surveys by a North American of the country's agricultural potential. Dominy's report described a place where subsistence farmers cleared and cultivated land by hand with the help of only a few wooden implements, the populace lived in poverty, and the agricultural and natural resources such as timber, crops, and cattle constituted the major part of the economy.¹⁵

¹³ STICA, *Agricultural Progress in Paraguay*, 22-23, 27-28.

¹⁴ Douglas Martin, "F.E. Dominy, Who Harnessed Water in the American West, is Dead at 100," *New York Times*, 28 April 2010, B13.

¹⁵ Floyd Dominy, "Report on Paraguay," pp. 1, 26, 1942, Paraguay- Report on Paraguay- Dominy- 1942 folder, Box 20, Institute of Inter-American Affairs Agric & Natural Resources Div. Periodic Reports, 1942-53, RG 469, NA.

Dominy proposed that the U.S. program in Paraguay, then, should aim at improving the efficiency with which these resources were exploited. When he visited a government-operated agricultural colony in the Presidente Franco district, he noticed settlers clearing woodland with only hand axes. One of the most pressing needs for these colonists, he wrote, was “long-term credit at low interest rates” which would allow them to afford more and better tools. He also wrote that they needed “technical and managerial assistance” in order to better use the timber that they felled. Both of these recommendations would shape the emerging technical assistance programs in Paraguay.¹⁶

Near the end of his report, Dominy speculated on the kinds of people that would make such programs fruitful. He argued that the success any U.S. efforts in Paraguay would be “dependent upon the availability of locally-trained young men, who speak both Spanish and Guaraní, to work closely with rural people of Paraguay.”¹⁷ Dominy’s comment revealed a unique aspect of Paraguay: virtually alone among Latin American nations, Paraguay was almost entirely composed of speakers of Guaraní, one of the languages of peoples indigenous to Paraguay as well as parts of Argentina and Brazil. Spanish, however, remained the official language of government. The Guaraní language began to take on national significance during the Chaco War against Bolivia as a mark of Paraguayan identity. By 1950, over 90 percent of the population spoke Guaraní, far more than spoke Spanish.¹⁸

¹⁶ Dominy, “Report on Paraguay,” pp. 1, 10-13 17-20, 25-26, NA.

¹⁷ Dominy, “Report on Paraguay,” p. 25, NA.

¹⁸ Horst, *The Stroessner Regime and Indigenous Resistance in Paraguay*, 17-18, 22.

Some STICA workers saw Guaraní as an obstacle to Paraguay's development. Albion Patterson, the head of STICA and Point Four operations in Paraguay, tried to impress upon the farmers with whom he met the importance of Spanish, rather than Guaraní, as the regional language of commerce. Patterson, a tall, skinny New England native and graduate of Princeton, spoke Spanish fluently.¹⁹ In a memo to a fellow STICA worker, he wrote that he was well aware of "the actual and symbolic importance of Guaraní as a nationalistic medium to bind Paraguayans together in sentiment and patriotism," but Spanish would help the Paraguayan farmer "to outgrow his provincialism and to establish contact with the larger world in which he must learn to live."²⁰ Patterson saw the Guaraní language not as an important cultural identity to be preserved, but as a barrier to progress, prosperity, and the integration of Paraguay into the regional economy.

The widespread use of Guaraní did not translate into recognizing or protecting the rights of indigenous people. The indigenous population of Paraguay was quite small—perhaps 60,000 to 70,000 people—and not all indigenous groups spoke Guaraní. In the early twentieth century both Paraguayans and foreign observers documented incidents of mestizo Paraguayans hunting indigenous people, especially the Ache.²¹ Thus, while the Guaraní language became an important component of Paraguayan nationalism, indigenous people and their struggles did not.

¹⁹ United States Department of State, *Point Four Pioneers: Reports from a New Frontier-Liberia, Paraguay and India* (Washington, D.C.: Department of State, 1951), 14.

²⁰ Albion Patterson to John Lear, p. 5, 22 March 1948, Paraguay- ANR Special Report #3- Memoranda and Letters on Rural Credit Supervision- 1947 folder, Box 24, Institute of Inter-American Affairs Agric & Natural Resources Div Periodic Reports, 1942-53, RG 469, NA.

²¹ René D. Harder Horst, *The Stroessner Regime and Indigenous Resistance in Paraguay*, 16-17, 28-29.

Perhaps the prominence of an indigenous language and the latent presence of indigenous people contributed to U.S. officials' perceptions that Paraguay was a backward frontier nation that would benefit from the northern "civilizing" mission. In a short biographical sketch of Albion Patterson, the State Department waxed poetic about the rich tradition from which Patterson came, drawing on the language of frontier expansion in the U.S. West: "As our forefathers went westward from the Appalachians to the Pacific Ocean, they took with them, in addition to their passion for freedom, a decent respect for education. School teachers followed along in the wagon tracks and many times the first one in a community was from New England." This description and the title of the pamphlet, "Point IV Pioneers," suggested that Patterson and other Point IV workers were considered descendants from the freedom-loving, westward-moving pioneers of old.²² The description indicated a recreation abroad of an American story of the past: the nineteenth century frontier became the twentieth century "undeveloped" country.

Patterson himself was of a decidedly non-agrarian background; prior to his arrival in Paraguay in 1942, he had been a teacher of romance languages at a school in Connecticut, and his only agricultural experience had been working at the farm on the school yard. Nevertheless, he spoke Spanish fluently and quickly acquired a good reputation in Paraguay. But the frontier metaphor reflected the fact that U.S. advisors viewed their mission in Paraguay through the lens of U.S. history, and the *servicio* in many ways drew on models from the United States for credit programs, resettlement programs, and experiment stations.

²² Department of State, *Point Four Pioneers*, 13.

One of the first major projects of the *servicio* was to establish a farm credit program. After a former employee of the USDA's Farm Credit Administration, E.C. Johnson, traveled to Paraguay in 1943, the *servicio* established the Crédito Agrícola de Habilidadación, (Agricultural Credit Authorization, or CAH), a farm credit program with an initial lending capacity of \$600,000, to set up individual plans with farmers "for crop production, the acquisition of livestock and equipment, new barns or other buildings, or the amortization of existing debts."²³ The farm credit program proved to be one of the most successful STICA programs. By 1947 Albion Patterson reported to the U.S. chargé d'affaires in Paraguay, Edward Trueblood, that the credit program not only was a success but represented the best possibility for agricultural modernization in Latin America as a whole. Farmers who took the loans, he reported, not only produced more than those who did not, but purchased more U.S.-made farm machinery. In the spirit of Point Four, he emphasized that technical assistance could stimulate private trade that would benefit U.S. manufacturers. The author attributed the origins of the successful program to the U.S. Farm Security Administration, the New Deal federal agency responsible for assisting farmers hit by the Great Depression.²⁴ Albion Patterson shared Trueblood's enthusiasm for the project, noting in a memo to a colleague that the program had an unusually high repayment rate of 90 percent.

²³ Gotaas, *History of the Office of the Coordinator of Inter-American Affairs* (Washington, D.C.: GPO, 1947), 133; STICA, *Agricultural Progress in Paraguay*, 10.

²⁴ Albion Patterson to Edward Trueblood, "Ideas on How the Institute of Inter-American Affairs can Operate More Efficiently in Latin America," pp. 1-3, September 1947, Paraguay- ANR Special Report #3- Memoranda and Letters on Rural Credit Supervision- 1947 folder, Box 24, Institute of Inter-American Affairs Agric. & Natural Resources Div. Periodic Reports, 1942-53, RG 469, NA.

Once the farm credit program was in place, STICA established settler colonies of landless farmers. The farmers would receive credit and supervision from STICA employees. In 1946 the *servicio* established the pilot colony in Pirareta. The *servicio* selected thirty-five families and allotted fifty-seven acres to each.²⁵ The success of that colony induced the *servicio* to establish a second colony at Misiones. The Paraguayan government had established colonies before, but, according to the *servicio*, these colonies had failed because they had given farmers land and nothing else—no equipment, training, or credit. The *servicio* picked 268 settler families for the Misiones Colony and provided them with credit to buy equipment and training to use the equipment. The Agricultural Credit Authority, the *servicio*'s lending agency, extended credit. Officials from the CAH inspected each crop at Misiones and made suggestions for which crops would serve best as cash crops based on the soil and climate of the land.²⁶ The *servicio* quickly settled nearly three hundred settlers on land at the Misiones Colony. It built roads linking different areas of the colony, imported American-made tractors, and drafted a detailed crop rotation plan spanning five years into the future.

The colony at Misiones represented an experimental attempt to enact agricultural reform. It relied on constant supervision of both credit and farming methods. However, it mainly benefited the few hundred families who were fortunate enough to be selected for the program. Workers for the Institute and the *servicio* understood that unequal

²⁵ John H. White, *We're Building a Better Hemisphere*, p. 5, Point IV in the Americas folder, Box 20, Papers of Elvin Duerst, Oregon State University Special Collections and Research Center, Corvallis, Oregon (OSU SCARC hereafter).

²⁶ Luis A. Gattoni, "Observations on the Agronomic Development from the Colonization Program in Misiones, Paraguay," pp. 2, 6, 16, unfiled, Box 16, Duerst Papers, OSU SCARC.

distribution of land in Paraguay was a serious problem. There was relatively little arable land, and that land was concentrated in the hands of a few holders. According to STICA's agricultural census for 1942-143, the first comprehensive agricultural census in Paraguay, more than half of farm owners held less than 8 hectares, and roughly 37 percent of farm occupants were squatters.²⁷ While the colonies at Misiones settled a few landless peasants, and perhaps allowed farmers who already had land to increase their income, it did little to directly address the problem of land ownership.

Aside from agriculture, the cattle industry was the most important in Paraguay—Paraguay had 3.5 million head of cattle in the early 1940s, more than the human population.²⁸ In August 1943, one year after the establishment of the *servicio*, its workers began a “livestock-improvement program” at the center of which was the Estancia Barrerito, a 27,000-acre ranch which had been taken over by the Paraguayan government after its owner died. Initially, the Estancia Barrerito served two functions: to carry out an experiment that would advance technical knowledge of best-practice ranching, and to stand as a demonstration of those practices to surrounding private ranchers. The *servicio* began by renovating the ranch, providing fencing wire to enclose the entire area and subdivide it into twenty six separate pastures. STICA also drilled wells and built twenty seven tanks to enough store water in each pasture for dry periods of up to 6 months.

²⁷ Frederic A. Coffey, *Censo de Agricultura del Paraguay* (Asunción: Ministerio de Agricultura e Instituto de Asuntos Interamericanos, 1948), 58, 75.

²⁸ Albion Patterson, “Paraguay,” p. 3, 18 April 1951, STICA - Food Supply Program FY 1951 folder, Box 6, Mission to Paraguay Office of the Director Subject Files (Central Files) 1942-1958, RG 469, NA.

The center of the *servicio*'s efforts at the Estancia Barrerito was a methodical breeding program under renowned animal geneticist Dr. Jay Lush to improve the quality of the cattle. Over three years of keeping records that correlated the weight of an animal with its age, the *servicio* concluded that the Hereford commonly grazed on the Estancia was not suited to the heat or the insects of the region. Albion Patterson traveled to Brazil to purchase Zebu cattle there that would be better suited to the local environment. Brazilian ranchers had begun importing Zebu from their native India in large numbers in the 1870s. Ranchers in the western area of the state of Minas Gerais had realized that the breeds they imported from Portugal could not thrive in the extremes of temperature and relatively sparse forage that characterized the region. Zebu cattle, on the other hand, were well suited to the region: they had a thick, darker skin that could bear the heat, were less susceptible to ticks and other insects, and were able to feed on the available grasses.²⁹ The Zebu cattle were a success at the Estancia Barrerito, and by 1951 the *servicio* expanded from its experimental operations and began selling its cattle to Paraguayan ranchers; on the first day of sales the Estancia sold 283 head of cattle valued \$409,650.

Between 1943 and 1947, the U.S. IIAA contributed \$540,000 to STICA operations in Paraguay.³⁰ Although the end of World War II contributed to a general decline in U.S. interest in technical assistance to Latin America, and President Truman

²⁹ Robert W. Wilcox, "Zebu's Elbows: Cattle Breeding and the Environment in Central Brazil," in *Territories, Commonalities, and Knowledges: Latin American Environmental Histories in the Nineteenth and Twentieth Centuries*, ed. Christian Brannstrom (London: Institute for the Study of the Americas, 2004), 223, 231.

³⁰ Food Supply Division, Institute of Inter-American Affairs, "Monthly Progress Report," Appendix, Table 2, March 1947, Paraguay- Monthly Reports- 1947 folder 1 of 2, Box 24, Institute of Inter-American Affairs Agric. & Natural Resources Div. Periodic Reports, 1942-53, RG 469, NA.

abolished the OCIAA in May 1946, the IIAA's program in Paraguay continued to operate, one of only four major programs in Latin America to do so.³¹ STICA's credit programs enabled farmers to purchase new machinery, and its breeding programs assisted in the development of cattle that were more suited to the land of eastern Paraguay. U.S. Ambassador Beaulac obtained permission from the Department of State to continue STICA's operations in Paraguay largely by promising that President Higinio Morínigo, who had ruled as a dictator since 1940, would hold congressional elections in 1946.³²

Morínigo never held congressional elections, however, and the outbreak of a civil war in May 1947, however, brought many STICA operations to a near-halt. The rebellion began when some members of President Higinio Morínigo's cabinet, belonging to a movement known as the *Febreristas* (an opposition movement that emerged in February 1936 composed initially of Chaco War veterans) resigned. Subsequently, the *Febreristas*, Liberals, and Communists together began an uprising. Significantly, despite the failure to hold elections, the Minister of Agriculture signed an agreement for the extension of STICA's activities through 1948 on the very day the 1947 civil war broke out.³³ STICA

³¹ Harry S. Truman, "Executive Order 9710 Terminating the Office of Inter-American Affairs and Transferring Certain of its Functions," 10 April 1946, The American Presidency Project, <http://trumanlibrary.org/executiveorders/index.php?pid=444>; Arthur T. Mosher, *Technical Cooperation in Latin American Agriculture* (Chicago: University of Chicago Press, 1957), 19-20.

³² *FRUS*, 1946, 11: 1176.

³³ Food Supply Division, Institute of Inter-American Affairs, "Monthly Progress Report," p. 1, March 1947, Paraguay- Monthly Reports- 1947 folder 1 of 2, 1942-1950 Paraguay, Box 24, Institute of Inter-American Affairs Agric & Natural Resources Div Periodic Reports 1942-53, RG 469, NA.

operations remained incapacitated for months, however, only resuming once Morínigo crushed the insurrection in September of that year.³⁴

Truman's 1949 inaugural address reinvigorated the IIAA's program in Paraguay. On December 2, 1950, Point Four administrator Henry G. Bennett announced the creation of the Joint Commission for Economic Development in Paraguay, composed of four men: acting U.S. Ambassador Archibald Randolph, IIAA mission head Albion Patterson, the Paraguayan Minister of Foreign Affairs Dr. Bernardo Ocampos, and Finance Minister Ramon Mendez Paiva. The Point Four program would continue to focus on education, public health, and agriculture, the same three fields in which the IIAA had previously been operating.³⁵ Like the previous IIAA operations, it drew on U.S. agricultural history for precedents, especially institutions such as the land-grant college and the extension service.

Point Four's implementation in Paraguay relied in part upon U.S. extension agents like Elvin Duerst, who arrived in Paraguay in November 1948, two months before Truman's "Point Four" inaugural address.³⁶ Duerst had studied agricultural economics at Oregon State University and the University of Illinois. He began his career working for Montana's extension service in 1940. After working as an assistant extension agent in

³⁴ Food Supply Division, Institute of Inter-American Affairs, "Monthly Report," p. 1, May 1947 and "Monthly Report," p. 1, September 1947, Paraguay- Monthly Reports- 1947, folder 1 of 2, Box 24, Institute of Inter-American Affairs Agric & Natural Resources Div Periodic Reports, 1942-53, RG 469, NA.

³⁵ Department of State, "Joint Commission Announced for Point IV Program in Paraguay," 2 December 1950, Paraguay General folder, Box 9, Technical Cooperation Admin Office of the Legal Counsel Country Files, 1949-1953, RG 469, NA.

³⁶ Food Supply Division, Institute of Inter-American Affairs, "Monthly Progress Report," p. 1, November 1948, unfiled, Box 14, Duerst Papers, OSU SCARC.

Yellowstone County and Clark County, in 1942 Duerst became the chief extension agent for Sanders County, a rural area in the northwest corner of the state with less than seven thousand people.³⁷

For most of his time as an extension agent, Duerst had operated under the shadow of total war, helping to further the programs instituted by Secretary Wickard and M.L. Wilson. Duerst's office worked with the USDA to coordinate war production and rationing, and planned for postwar resettlement of veterans.³⁸ He oversaw wartime programs in which young students in Sanders County received "Victory Farm Volunteer" certificates in return for putting in hours of farm labor. 4-H clubs took names like the "Belknap Axis Smashers Club." This was more than just maximizing production for the war effort; this was the weaving of a war mentality into the fabric of social consciousness. Duerst's work in Paraguay would also operate under the pressure of political conflicts beyond the aspirations of the farmers he was expected to serve, and he would draw on his experience in Montana during his time in Paraguay.³⁹

One of Duerst's goals in Paraguay was to expand on the successes of the Misiones and Pirareta colonies that had been established by the IIAA. In a memorandum he wrote to two of his Paraguayan colleagues, Aristides Espinosa and Ernesto Mendaro, who had been studying the possibility of land-law reform in Paraguay, Duerst suggested the establishment of a "national colony," administered by the Land and Colonies

³⁷ Elvin Duerst, "1943 Sanders County Annual Report," unfiled, Box 7, Duerst Papers, OSU SCARC.

³⁸ Elvin Duerst, "1944 Sanders County Annual Report," p. 211, unfiled, Box 7, Duerst Papers OSU SCARC.

³⁹ Elvin Duerst, "1943 Sanders County Annual Report," p. 116, 118, unfiled, and "1944 Sanders County Annual Report," unfiled, p. 13A, Box 7, Duerst Papers, OSU SCARC.

Department. The colony would consist of land taken from local landholders, who would be compensated for their loss. He further suggested that after the establishment of the National Colony, the government should establish “Local Land Boards,” which would redistribute the land by sale. The Land and Colonies Department would also promote settlement on unsettled land by helping to build roads (and later schools) in previously uninhabited areas.⁴⁰ It is difficult to know for certain how much Duerst personally saw inequitable distribution of land and wealth as a threat to stability and an invitation to leftist or Communist agitation, but the tenor of many Point Four advocates suggests that any serious social inequality or poverty would lessen the appeal of free-market capitalism.

Duerst also expanded on the educational ethos of the IIAA programs. He suggested the creation of four “demonstration farms” as educational centers on which *servicio* workers would emphasize “modern” methods of cash-crop farming. Farms would be located in different areas of the country with different climates and soils. Each farm would focus on a different kind of production; one farm would focus on cattle ranching, another would focus on growing fruit, and the other two would diversify the production of fruits, vegetables, and dairy.⁴¹ These farms would thus address diversified subsistence farming and mono-crop market agriculture.

Elvin Duerst also brought his historical understanding of U.S. agricultural economics to bear in Paraguay. In 1949 he sent a memorandum to William Brister, the

⁴⁰ Elvin Duerst to Aristides Espinosa and Ernesto Mendaro, 17 May 1950, unlabeled folder, Box 14, Duerst Papers, OSU SCARC.

⁴¹ Elvin Duerst to Albion Patterson, 10 August 1949, and Duerst to Patterson, 23 September 1949, unlabeled folder, Box 14, Duerst Papers, OSU SCARC.

IIAA's Food Supply Division director, in which he suggested the establishment of "National Resources Advisory Boards." These boards would bring the Paraguayan farmer population more directly into the contact with the *servicio*. They would operate at a national level, but would be comprised of representatives from ranchers, farmers, loggers, food processors, the *servicio*, the Paraguayan government, and the Bank of Paraguay. In support of this proposal, Duerst cited U.S. precedents, including the National Resources Planning Commission, and the extension service, which operated at the national level down to counties, communities, and neighborhoods.⁴²

Taken together, Duerst's efforts in Paraguay reflected both his professional experience as a county extension agent and his understanding of U.S. agricultural history—its institutions, approaches, and technology. He continued the IIAA's emphasis on education and research, and tried to expand existing programs as well as suggesting new ones. Duerst's proposals generally advocated a better integration of experimental research, education, and farm-supervision in the *servicio* as a way to both fight poverty and bring international trade to Paraguay. And unlike many advocates of Point Four, Duerst had remarkably little to say about the dangers of Communism.

Despite Duerst's silence on the subject of Communism, Point Four was part of the Cold War struggle to destroy that ideology, or at least lessen its attractiveness to rural farmers in places like Paraguay. From the point of view of the United States, the Misiones Colony, for example, prevented impoverished Paraguayans from turning to Communism as an economic solution. In a pamphlet that the Institute published, the story

⁴² Elvin Duerst to Will Brister, 25 March 1949, unlabeled envelope, Box 15, Duerst Papers, OSU SCARC.

of Raimundo Vera clearly conveyed this advantage. Vera, a destitute man, became a prosperous farmer with the help of the *servicio*. When a Communist organizer (a “Red”) visited Vera and announced happily that the Communists were going to dispossess landowners and redistribute the land to the poor, Vera ran him out of his house angrily.⁴³ The anecdote reflected the assumption of Point Four advocates that Communism held a kind of seductive appeal to landless peasants. On the other hand, peasants who had land to lose would not be so easily persuaded.

Even policy makers who claimed a sense of *noblesse oblige* seem to have fallen back on the existential threat of communism as a final justification. Journalist Robert Hallett of the Christian Science Monitor, writing in a TCA publication, described Paraguay as “a land of the poor farmer.” This farmer, Hallett wrote, “lives in a squalid one-room hut and perhaps owns a wooden plow, a much-worn hoe, a machete, ax, and shovel.” This description might have applied to impoverished farmers all over the world, including some in the United States, which is perhaps where the image got some of its power. But for those readers who were less concerned with the welfare of their fellow man, Hallett reminded them that aid was considered “an antidote to communism.”⁴⁴

Between 1942 and 1952, the IIAA spent over \$6 million on its Paraguayan program.⁴⁵ In the first year of Point Four alone, Paraguay’s U.S. budget for that program

⁴³ John H. White, *We’re Building a Better Hemisphere*, p. 7, Point IV in the Americas folder, Box 20, Duerst Papers, OSU SCARC.

⁴⁴ Robert M. Hallett, *Latin Americans Garner Benefits of Putting Point Four to Work* (Washington, D.C.: Institute of Inter-American Affairs, Inter-American Regional Office, Technical Cooperation Administration, 1952), p. 2.

⁴⁵ *FRUS*, 1952-1954, 4:1469.

amounted to \$1.39 million.⁴⁶ Paraguay's Point Four budget exceeded that of all Latin American countries in which Point Four operated except Peru, Bolivia, and Brazil.⁴⁷ Any evaluation of the fruits of those expenditures raises the question of how one measures the success or failure of development projects. Although this question is exceedingly complicated, there are perhaps two basic criteria, based on the two goals which STICA set for itself. The first goal was to increase agricultural productivity; that is, the amount and value of food that can be produced with the available resources. In order to accomplish this, STICA and the Paraguayan government created a demonstration cattle ranch at Estancia Barrerito, a seed-testing center at the National Agronomic Institute, and a supervised credit system through the CAH to fund land colonization. In a 1951 report, Albion Patterson gave some indicators of the success of these projects. He noted that the CAH had extended credit to 10,000 families since the program's inception in 1944 and that these farmers were, on average, more productive than those who did not receive credit. Paraguay's credit system was successful enough that other Latin American republics asked for advice in setting up similar programs in their countries during the Fourth Inter-American Conference on Agriculture in 1950. The IAN succeeded in introducing a variety of corn indigenous to Venezuela which proved to have a greater yield than native Paraguayan corn. In total, corn production increased from 109,000 tons

⁴⁶ "Comparative Table of Point Four Budgetary Provisions for Paraguay: Fiscal Years 1952, 1953, 1954," p. 1b, 1 January 1955, Paraguay- Budget 1954 folder, Box 99, Institute of Inter-American Affairs Administrative Office Country Files (Central Files), 1942-53, RG 469, NA.

⁴⁷ "The Institute of Inter-American Affairs 1952 Latin American Summary," enclosure 1b, 13 December 1951, Paraguay- Budget 1952 folder, Box 99, Institute of Inter-American Affairs Administrative Office Country Files (Central Files), 1942-53, RG 469, NA.

in 1946 to 125,000 tons in 1952. Yam, cotton, and rice production also increased in these years, although rice only marginally so. Production of six other crops, however—sugar cane, tobacco, mandioca, legumes, onions, and nuts—either decreased or remained constant. The head of cattle increased 17 percent, from 3.5 million to 4.1 million, between 1946 and 1952, an increase that the 1952 Central Bank report judged “slow and insufficient.”⁴⁸ Despite the Central Bank’s pessimistic assessment, STICA’s ranch at Estancia Barrerito did succeed in introducing the more adaptable Zebu cattle to Paraguay, and even began marketing them to private ranchers.

STICA’s second overarching objective was to carry out land reform. But its efforts in this area most likely had an indirect impact, if any, on land ownership patterns. Although it extended credit to thousands of farmers who already had land, only a small fraction of landless farmers were lucky enough to be resettled on STICA colonies like Misiones and Pirareta. The success of farmers at Misiones and Pirareta did convince President Federico Chavez in 1950 to invite back to Paraguay farmers who had moved to Brazil or Argentina for want of land to farm.⁴⁹ On the other hand, a 1951 State Department assessment lamented the slow progress in resettling farmers from the crowded vicinity of Asunción to government land in the east and south. The Paraguayan farmers, the report wrote disparagingly, were “wedded to their land.”⁵⁰

⁴⁸ Banco Central del Paraguay, *Renta Nacional del Paraguay en 1952* (Asunción: La Colmena S.A., 1952), 12, 13.

⁴⁹ John H. White, *We’re Building a Better Hemisphere*, p. 6, Point IV in the Americas folder, Box 20, Duerst Papers, OSU SCARC.

⁵⁰ Interdepartmental Advisory Council on Technical Cooperation, “Country Study on Paraguay,” p. 9, 5 February 1951, Paraguay General folder, Box 9, Technical Cooperation Admin Office of the Legal Counsel Country Files 1949-1953, RG 469, NA.

Despite STICA's recognition that Paraguay needed land reform, it largely failed to achieve that goal. By the mid-1950s, half of all Paraguayan farmers were squatting on the land they worked—more than the 37 percent squatting on farms recorded by the 1942/43 STICA census. The percentage of farmers who owned their land did increase from 25 percent in 1942/43 to 39 percent by 1956.⁵¹ But land was not evenly distributed among those who were owners: according to the embassy's initial Point Four country report of 1951, nearly two-thirds of Paraguayans lived on only 2 percent of the land.⁵² The success of the supervised credit program, combined with the initial colonizing efforts, then, likely contributed at least indirectly to an increase in land ownership, but at the same time, the number of farmers squatting also increased. STICA's programs, then seemed to benefit those farmers who already had land.

The ascension of Alfredo Stroessner and his subsequent alliance with the United States spelled the end of any chance for democratic reforms in Paraguay, but it did not entirely quash attempts at land reform. On the one hand Stroessner, and conservative forces in Paraguay generally, were loath to carry out far-reaching land reforms because they identified communal land ownership with communism. Not surprisingly, the regime was thus especially suspicious of indigenous communities who tended to practice communal ownership.⁵³ On the other hand Alfredo Stroessner found it necessary to carry

⁵¹ Coffey, *Censo de Agricultura del Paraguay*, 75; Ministerio de Agricultura y Ganadería, *Censo Agropecuario 1956* (Asunción: S.A. Cerro Corrá, 1961), 2-3, 8-9.

⁵² "Paraguay Country Narrative FY 1952," p. 4, n.d., Paraguay- Budget 1952 folder, Box 99, Institute of Inter-American Affairs Administrative Office Country Files (Central Files), 1942-53, RG 469, NA.

⁵³ Horst, *The Stroessner Regime and Indigenous Resistance in Paraguay*, 32.

out land reforms in order to bring the Paraguayan peasantry—the bulk of the population—under his rule. He succeeded in increasing the percentage of land-owning farmers from 36 percent in 1956 to 69 percent in 1977, and in 1963 he established the Institute of Rural Welfare.⁵⁴ These reforms tended to solidify Stroessner's hold over the country, rather than move it towards democracy.

Although some Point Four workers, like Elvin Duerst, seem not to have couched their mission in Paraguay in terms of Cold War anticommunism, the conflict between the U.S. and the U.S.S.R. underlay the altruistic development mentality of the *servicio*. In the new Cold War parlance of “development,” to be “underdeveloped” meant to be impoverished and susceptible to Communist influence.⁵⁵ The mindset of U.S. policymakers reflected the same approach that had guided U.S. policy towards Paraguay during World War II: every country that was not an ally of the United States was potentially or actually an ally of the enemies of the United States. Every country counted.

At the time it was established 1942, the *servicio* was not intended to outlast the war.⁵⁶ Nevertheless, as the war came to a close and the Cold War began, the United States considered Latin America as a whole to be critical to U.S. interests. In 1949, Secretary of State Dean Acheson gave an address in New York City titled “Waging Peace in the Americas.” Over a century after President Monroe warned European empires against interference in the western hemisphere, Acheson reminded his listeners that the

⁵⁴ Carlos R. Miranda, *The Stroessner Era*, 105, 109-110.

⁵⁵ Rist, *The History of Development*, Chapter 4.

⁵⁶ Rupert Howard Porter, *Crop Development in Paraguay* (Washington, D.C.: Institute of Inter-American Affairs, 1947), 1.

“Monroe Doctrine is an acknowledgement that the security of this hemisphere is indivisible.” In the same speech, Acheson argued that “nonintervention in the internal or external affairs of any American Republic” was a critical point of agreement between the U.S. and its Latin American neighbors.⁵⁷ Subsequent U.S. covert actions resulting in the overthrow of an elected government in Guatemala in 1954 and the attempted overthrow of the Castro regime in Cuba in 1961 would show how willing the U.S. was to ignore that policy. In Paraguay, it had no need to. General Alfred Stroessner, who took power in 1954, tied himself closely to the United States and proved a reliable ally for most of his thirty-five year reign.

Alfredo Stroessner Matiauda was born in Encarnación, Paraguay in 1912. He joined the military at 16, served courageously in the Chaco War, and successfully navigated the tumultuous waters of the military establishment until President Federico Chavez appointed him head of the armed forces in 1951. Three years later he deposed his patron and proceeded to solidify his control over Paraguay, ultimately becoming the longest-lasting Latin American dictator of the Cold War.⁵⁸

In some ways Stroessner fit the image of a Latin American *caudillo*—a disciplined, courageous military man who alternately used populism and fear tactics to maintain control.⁵⁹ Unlike his contemporary, Juan Perón, however, Stroessner was not a

⁵⁷ Dean Acheson, “Waging Peace in the Americas,” Address before the Pan American Society of the United States, New York City, 19 September 1949, Department of State Inter-American Series no. 36, Department of State Publication 3239.

⁵⁸ Mora and Cooney, *Paraguay and the United States*, 125-132.

⁵⁹ Carlos R. Miranda, *The Stroessner Era*, 66-68.

magnetic personality nor a talented public speaker.⁶⁰ In fact, his reputation as a dull, boring man probably caused his rivals to underestimate him. Throughout his long rule, he outwitted those rivals and routinely tortured and murdered dissidents.⁶¹ Despite his brutal authoritarian rule, Stroessner's repression of Communists, both real and imagined, certainly endeared him to the Eisenhower administration. Eisenhower supported the Stroessner administration, and in 1955 the U.S. helped Stroessner set up his internal security services.⁶²

The fact that the U.S. was so willing to support Stroessner and the military establishment he represented might seem a tragic betrayal of the agrarian, democratic ideals of Point Four. And it was. But the history of U.S. military assistance to Paraguay stretched back even before the establishment of STICA. The diplomatic debates surrounding that relationship reveal a more complex picture of the relationship between the U.S. and Paraguay during World War II and the early Cold War.

⁶⁰ Mora and Cooney, *Paraguay and the United States*, 126.

⁶¹ Carlos R. Miranda, *The Stroessner Era*, 93.

⁶² Mora and Cooney, *Paraguay and the United States*, 135, 137.

CHAPTER IV

MUTUAL SECURITY, DIVERGENT HISTORY

The United States' military aid programs in Paraguay, like the technical assistance programs, dated back to World War II. During World War II and then the Cold War, the U.S. sent both weapons and military advisors to Paraguay under the Lend-Lease Act and then the Mutual Security Act. Such aid raised uncomfortable questions about the role of the United States as a superpower and the relationship between its avowed ideals and its actual foreign policy. U.S. policymakers on both sides of the debate, however, promoted a particular, essentialist narrative of history that portrayed Paraguayans as inherently traditional, backward, and inferior. This narrative, and the reality that aid, military or otherwise, did not always prove conducive to democratic government in Paraguay, confronted the ideals and the assumptions upon which Point Four rested: that the United States could enact agrarian reform in Third World countries, that such reform would lead to the creation of a more democratic society, and that such societies would become natural allies of the United States.

Nearly a year before the creation of STICA, on March 11, 1941, President Roosevelt had signed the Lend-Lease Act. The law allowed the United States to transfer military equipment to allies such as Great Britain so that the United States could contribute to the war without actually sending troops.¹ Although much of the assistance went to allies actually engaged in the fighting, Latin American nations, including

¹ Franklin D. Roosevelt, "Excerpts from the Press Conference Remarking on the Lend-Lease Bill," 11 March 1941, The American Presidency Project, <http://www.presidency.ucsb.edu/ws/index.php?pid=16086>.

Paraguay, also received arms under the program: On September 20, 1941, the United States signed an agreement with Paraguay to supply arms under the lend-lease program. The agreement provided for the United States to ship arms valued at a total of \$11 million to Paraguay.²

The lend-lease aid, like the IIAA programs, was part of a U.S. attempt to draw Paraguay into the Allied orbit. The United States feared that President Morínigo, who had taken power after the death of the previous strongman in September 1940, was leaning towards the Axis.³ Soon after coming to power, Morínigo outlawed the Liberal Party and the *Febreristas*.⁴ According to Carlos Miranda, he offered his enemies, “exile or imprisonment.”⁵ Although he remained a repressive ruler until his overthrow in 1948, U.S. aid successfully weaned him of some of his Axis sympathies.

During the war, such aid to a dictator went virtually unopposed, but as the war neared its end, military aid to Paraguay became a more controversial issue, given that many in the United States and around the globe saw World War II as a fight for democracy and liberation. In a revealing exchange in late August 1945, just days after the war ended, Louis J. Halle, a state department officer, and P.O. Chalmers, chief of the state department’s division of Brazilian affairs, debated the policy of “non-intervention” and the meaning of “intervention.” On August 22, Halle wrote in a state department telegram that recent actions taken by U.S. Ambassador Beaulac could constitute

² *FRUS*, 1941, 7:480.

³ Carlos R. Miranda, *The Stroessner Era*, 45-46.

⁴ Horst, *The Stroessner Regime and Indigenous Resistance in Paraguay*, 21.

⁵ Carlos R. Miranda, *The Stroessner Era*, 45.

“intervention” in the domestic affairs of Paraguay. Referring to a draft telegram that the department of state planned to send to Beaulac, he noted that it would authorize “the Ambassador to inform the authorities in Asunción that the department is *concerned* [emphasis in original] with the use by the Government of a disproportionate share of the national income for the maintenance of the military establishment.” Halle opposed such a warning, arguing that “we cannot properly have such a concern under the terms of our non-intervention commitment.” According to Halle, the United States could not justly control the military expenditures of Paraguay because “we would not tolerate Paraguayan concern with our military budget.”⁶ In Halle’s analysis, the United States extended aid to Paraguay because it was in the strategic interest of the United States to do so, and as such it could not make aid conditional on anything more than furthering that interest.

And yet it would be a misreading to conclude that Halle wholeheartedly endorsed the Paraguayan government’s militarized budget. He took issue with the draft telegram’s connection of aid and political-economic reform because the Paraguayan government might construe such a requirement as U.S. intervention. According to Halle, if the U.S. were “to make its cooperation contingent upon the management of their economies by the other American republics in a manner of which it approves, then it may find itself taking a position in which it can dictate the management of those economies” and this, in Halle’s view, would violate the tenets of the Good Neighbor Policy.⁷ This might seem to be a twisted reading of the Good Neighbor Policy, but it illustrates a complicated reality. The Good Neighbor Policy, while a repudiation of military intervention, was not

⁶ *FRUS*, 1945, 9:1305.

⁷ *FRUS*, 1945, 9:1306.

necessarily a repudiation of the exertion of U.S. power. Halle suggested that making the extension of aid conditional upon following U.S. policy or economic advice might constitute “intervention.”

On the other hand, P.O. Chalmers, proposed that the U.S. should support and encourage democratic reforms, and that the U.S. public had a right to see that aid policies furthered such reforms. He elaborated on his argument in an extended rebuttal of Halle’s position that is worth quoting at length.

It seems to me that there is much confusion over the meaning of the word ‘intervention’....The American people should not, and will not, long tolerate the extension of ‘loans’ to nations unable to put their own houses in order, especially if the funds in question are diverted to useless armed forces. We have no obligation of any kind to support uneconomic conditions or to assist our neighbors to the south in digging their own graves by buttressing wasteful and unnecessary military establishments. On the other hand, we have a positive obligation to inform these countries in clear and unmistakable terms of the minimum conditions under which our assistance can reasonably be expected. If this is ‘intervention’, then let us have a great deal more of it. Our own welfare depends to a large extent on the soundness of economic conditions in this Hemisphere. We cannot dodge our responsibilities in this connection by hiding behind the nebulous curtain of ‘non-intervention’. In fact some countries are so dependent on the United States that whatever is done, or not done, is intervention in any event, according to the interpretation which some persons have persistently put upon that word.⁸

Chalmers connected wasteful spending with large military budgets and suggested that the U.S. tax money need not be spent on supporting non-democratic countries. He argued that the U.S. had become so powerful that extending aid, regardless of whether or not conditions were attached regulating its use, constituted a form of intervention.

At the same time, Ambassador Beaulac argued that if the U.S. were forced to intervene, it might as well do so in a way more conducive to democracy—by not supporting authoritarian governments. In a dispatch earlier that year, he described the

⁸ *FRUS*, 1945, 9: 1306-1307.

relationship between military aid and politics to the Secretary of State. He wrote to his superior that the U.S. had two goals in Paraguay at present: “the one being to tie Paraguay into a coordination system of continental defense, the other being to encourage the democratization of Paraguay.” But, he continued, the “realization of the first objective tends to defeat the second objective”⁹ Beaulac saw that U.S. goals in Paraguay were inherently contradictory, and that extension of aid was naturally an extension of power and influence. He argued that the only question, then, was how the United States would wield such influence.

Ambassador Beaulac did try to push Paraguayan leadership toward some reforms. The year after he complained about the contradictory goals of U.S. policy in Paraguay, he reported on a conversation he had had with President Higinio Morínigo. In response to Morínigo’s protestation that “the Communists and Liberals were trying to undermine discipline in the Army,” Beaulac responded that “so long as the Liberals were deprived of their right to participate in politics they were justified in resorting to subversive tactics.” Beaulac informed President Morínigo that he thought “the Government’s best defense against subversive tactics was to end the period of political repression which had already lasted too long.”¹⁰ Beaulac suggested that a more inclusive political scene would obviate the need for repression, while such repression in turn only played into the hands of opposition groups. Such an argument would hold less weight by 1954, when Alfredo Stroessner took power in Paraguay and Jacobo Arbenz lost it in Guatemala. But in 1946

⁹ *FRUS*, 1945, 9:1292.

¹⁰ *FRUS*, 1946, 11:1180.

the ambassador was still willing to push for democratization even, apparently, at the risk of including groups antithetical to U.S. interests in the country.

To add further to the complicated aid situation, Beaulac worried that aid once given had to continue, or risk negative repercussions. In October 1946 he wrote to the Secretary of State pleading for acquiescence to Paraguay's loan request of one million dollars, telling his superior that the United States' lack of interest in Paraguay since the war's end was "bound to confirm the skepticism of many political leaders here who feel that now the war is over and relations between US and Argentina are improved the US has no further interest in this little country."¹¹ Beaulac, like Chalmers, worried that the U.S. was not doing enough to show that it favored a more open Paraguayan society, or that its interests in Paraguay extended beyond the immediate military necessities of World War II. Beaulac's comments also reveal a growing awareness of the intractable nature of foreign aid: the U.S. might decide of its own volition, and solely out of its own interests, to extend aid, but to withdraw aid was politically far more complicated. In the event, however, the state department did not trouble itself with Beaulac's concerns; it denied the request for a loan out of concern for Paraguay's ability to repay the debts it had already incurred.¹²

This disinterest extended to military aid during a brutal 1947 civil war in Paraguay which pitted Communists, liberals, and *Febreristas* against President Morínigo. Although Morínigo eventually emerged victorious, the United States took an ambivalent stance towards the conflict, denying the embattled president's requests for planes and

¹¹ *FRUS*, 1946, 11: 1203-1204.

¹² *FRUS*, 1946, 11:1205.

tanks.¹³ Significantly, the Minister of Agriculture signed an agreement for the extension of STICA's activities through 1948 on the very day the 1947 civil war broke out.¹⁴

President Morínigo emerged victorious from the 1947 conflict, but not for long. In June of 1948 he resigned in the face of a military coup orchestrated by a faction within Morínigo's own Colorado Party, and Juan Natalicio Gonzalez became president in August.¹⁵ Hardly a month later, he, too, faced a coup as Federico Chávez, former president Morínigo's foreign minister, took power.¹⁶ The fall of Morínigo, who had been president since 1940, inaugurated a period of political instability in Paraguay that lasted until General Alfredo Stroessner took power in 1954. During those years, that country's importance to the United States waned. As early as 1948, the State Department informed the embassy in Asuncion that "the extent to which Paraguay is of strategic importance to the United States currently is being reconsidered by the Department."¹⁷ By 1953, U.S. ambassador Shaw wrote to the Department of State that the U.S. military mission in Paraguay was not significantly contributing to security in the Western Hemisphere and suggested that the mission could be terminated with little consequence, save perhaps

¹³ *FRUS*, 1947, 8:972.

¹⁴ Food Supply Division, Institute of Inter-American Affairs, "Monthly Progress Report," p. 1, March 1947, Paraguay- Monthly Reports- 1947, folder 1 of 2, Box 24, Institute of Inter-American Affairs Agric. & Natural Resources Div. Periodic Reports, 1942-53, RG 469, NA.

¹⁵ Milton Bracker, "Gonzalez to Take Oath in Paraguay," *New York Times*, 15 August 1948, 31.

¹⁶ Mora and Cooney, *Paraguay and the United States: Distant Allies*, 123.

¹⁷ *FRUS*, 1948, 9: 712.

minor disappointment among Paraguayan Officials.¹⁸ This was true of Latin America as a whole, as the U.S. Congress rejected the Truman administration's proposed military aid agreements for the region in 1946 and 1947.¹⁹ Perhaps it is surprising, then, that Paraguay's agricultural aid programs like STICA continued through these years. But the link between military strategic interest and any kind of aid was becoming increasingly important by the end of the decade, as a 1951 report by Nelson A. Rockefeller showed.

Rockefeller's report, titled *Partners in Progress*, argued that the immense population of the Third World meant that U.S. victory in the Cold War depended on the nation's ability to bring those multitudes into the U.S. camp. He noted that almost 1.1 billion inhabitants of the "so-called underdeveloped areas outnumber the populations of either the highly industrialized nations or the area controlled by Soviet imperialism. Under Soviet control now live 750,000,000 people, roughly one third of the world's population." Rockefeller re-emphasized the common interest that the United States had with the people living in these underdeveloped nations:

Much has been said of the 'share and share alike' attitude on scarce supplies that should govern our relations with the other free peoples. Perhaps our relationship could be more realistically stated in terms of 'need and need alike.' Neither we nor the under-developed countries could run our economies without the greatest distortions and hardships if cut off from one another. Again, if one considers the machinery of government necessary to handle the foreign economic problems in our present crisis, one finds that much of the same machinery which is required for defense is also necessary for development. Control mechanisms which prevent items of strategic value from reaching a potential aggressor can also assure the continued flow of truly essential exports to the underdeveloped areas.²⁰

¹⁸ *FRUS*, 1952-1954, 4: 1478.

¹⁹ Stephen G. Rabe, *The Killing Zone: The United States Wages Cold War in Latin America* (Oxford: Oxford University Press, 2012), 33.

²⁰ International Development Advisory Board, *Partners in Progress: A Report to President Truman* (New York: Simon and Schuster, 1951), 8

Rockefeller argued that developed countries were just as dependent on underdeveloped countries for raw materials as the latter were dependent on the former for manufactured goods, defense, and aid. His contrast of this “hard-headed” reality of interdependence with the notion of charity (“share and share alike”) suggested that interdependence necessarily meant equality of power.

Rockefeller also tied development assistance to military necessity. He proclaimed in the militant language of foreign aid that the free world faced a threat of enemy subversion and a threat from “hunger, poverty, disease, and illiteracy.” Rockefeller identified these threats to human prosperity, which were not obviously related to military goals, with U.S. national security. To drive the point home, Rockefeller noted that the U.S. had so far endured more than 50,000 casualties in Korea, and he concluded that “strengthening the economies of the underdeveloped regions and an improvement in their living levels must be considered a vital part of our own defense mobilization.”²¹

Rockefeller’s report thus proclaimed that foreign aid was no longer just a long-term measure to combat poverty or prevent subversion; it was a part of U.S. immediate plans for mobilization for the Korean War and other future military confrontations.

Rockefeller’s close identification of security concerns and U.S. foreign aid was not a new conception. Roosevelt and Rockefeller had established OCIAA on essentially the same premise during World War II, and Truman’s Point Four program shared this point of view. But in his 1951 report, Rockefeller advocated the establishment of a centralized agency, which he called the Overseas Economic Administration. This would

²¹ International Development Advisory Board, *Partners in Progress: A Report to President Truman* (New York: Simon and Schuster, 1951), 1.

combine into one agency the ECA, TCA, and the IIAA. Such a unified agency, Rockefeller wrote, would allow the United States to allocate its foreign aid resources more efficiently, ensure that recipients obtained the materials they needed, and carry out a single, coherent foreign assistance policy.²²

Largely because of its recommendation that a single agency be created to oversee all foreign aid programs, the Rockefeller Report elicited the strong opposition of Truman's Secretary of Agriculture, Charles Brannan. Brannan protested in a letter to Truman that he and his department wholly supported the Point Four program, but the success of technical assistance programs depended on them being "kept separate from those programs which are shorter range or are primarily designed to furnish material or other forms of direct economic aid." Such programs also had to be maintained over the long-term in order to bear fruit.²³ Brannan and the USDA opposed what they saw as the incorporation of U.S. foreign aid programs into broader defense alliances and also the perceived emphasis on short-term projects rather than a low-budget, long-term commitment to technical assistance.

Brannan and his colleagues also objected to what they saw as the IDAB's attempt to edge out the USDA and the land-grant college system: "Both the language of the report and the past history of the "institute" approach indicate that the Department and the Land-Grant colleges would be used for little more than a source from which to recruit personnel, rather than as experienced institutions whose responsible and effective

²² IDAB, *Partners in Progress: A Report to President Truman*, 17-18.

²³ Charles Brannan to Harry Truman, with attachment, p. 2, 11 April 1951, The Point Four Program: Reaching Out to Help the Less Developed Countries folder 1 of 10, Box 1, Student Research File #28, Papers of Harry Truman, HSTL.

participation and continuity of service would be sought.” He went on to say that Rockefeller’s recommendations would shift Point Four’s focus away from agriculture: “It is the belief of this Department that the *orientation* of the Point IV Program should be basically agricultural.” Like John Hannah, the head of the Extension Service, Charles Brannan saw Point Four as essentially an international extension service.

In concluding, however, Brannan phrased his request in terms that a Cold Warrior would appreciate: “The essence of what we are saying in this letter, Mr. President, is that the Department of Agriculture earnestly desires to bring its total competence to bear in the most effective way possible in this program of total diplomacy.” The use of the term “total diplomacy” suggests a revealing aspect of Point Four in particular and Cold War foreign policy in general: much like total war, it mobilized an entire society for the purpose of defeating a foreign enemy.²⁴

Regardless of Brannan’s objections, the Truman administration and congress followed through on the IDAB report. On October 10, 1951, President Truman signed the Mutual Security Act, creating the Mutual Security Agency (MSA) to administer it.²⁵ Although the act as originally passed stated clearly that the Technical Cooperation Administration would not be subsumed under the MSA, Truman signed an executive order just a month later making the administration of the TCA responsible to the Director of Mutual Security. Thus, the Technical Cooperation Administration existed as an

²⁴ Brannan to Truman, p. 3, and attachment, p. 1, 11 April 1951, HSTL.

²⁵ Harry S. Truman, “Statement by the President upon Signing the Mutual Security Act,” 10 October 1951, The American Presidency Project, <http://www.presidency.ucsb.edu/ws/?pid=13944>.

independent arm of the State Department for only just over a year.²⁶ This would become a point of contention and disappointment among some of the early architects and administrators of Point Four who felt that such a close connection between Point Four and military aid programs worked against the avowed goals of Point Four.

When taken in total, the Mutual Security Act of 1951 clearly emphasized military aid over economic or technical assistance: the act appropriated a full \$5 billion for military aid to Western Europe, compared to \$1 billion in economic aid. It allocated \$535 million in military aid to Asia and the Pacific region, and \$237 million in economic aid. By comparison, the act provided \$38.5 million in military aid to Latin America, while the overall allocation for technical assistance in Latin America amounted to only \$22 million.²⁷

Despite this relative decline in both Latin America's and Paraguay's significance to U.S. policy, economic aid and technical assistance continued to be components of foreign aid to the region. Indeed, in Paraguay, the U.S. technical assistance budget actually increased from \$1.39 million in 1952 to \$1.6 million by 1954.²⁸ Moreover, during the 1951 hearings for the Mutual Security Act there were some indications that the United States would continue to fund technical assistance programs and economic aid.

²⁶ Mutual Security Act of 1951, 67 Stat. 373; Harry S. Truman, "Executive Order 10300 Providing for the Administration of the Mutual Security Act of 1951 and Related Statutes," 1 November 1951, The American Presidency Project, <http://trumanlibrary.org/executiveorders/index.php?pid=269>.

²⁷ Mutual Security Act of 1951.

²⁸ "Comparative Table of Point Four Budgetary Provisions for Paraguay: Fiscal Years 1952, 1953, 1954," p. 2, 1 January 1955, Paraguay- Budget 1954 folder, Box 99, Institute of Inter-American Affairs Administrative Office Country Files (Central Files), 1942-53, RG 469, NA.

Secretary of State Dean Acheson, in his opening statement on the Mutual Security Act's legislation for the Western Hemisphere, told the two Senate committees that there remained "a very definite need in many Latin American Republics for help in improving agriculture and food production, health, education, and other essential services. The funds which are requested for technical assistance will be used for this purpose."²⁹ Thus, agricultural development remained a key component of technical assistance.

George McGhee, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, also advocated a role for land grant colleges and the importance of land reform during the hearings. He maintained that the United States had a national security interest, "based on the desire to reduce the causes of agrarian unrest and political instability and to provide a healthy climate for the development of democratic economic and social institutions."³⁰ But even Secretary McGhee conceded that the proposed legislation did not propose "assistance to any country where we are not also recommending military assistance."³¹ McGhee, though he supported the extension of

²⁹ U.S. Congress, Senate, Committee on Foreign Affairs and Committee on Armed Services. *Mutual Security Act of 1951: Hearings before Committee on Foreign Relations and the Committee on Armed Services*, 26-31 July and 1-9 August (Washington, D.C.: GPO, 1951), 5.

³⁰ U.S. Congress, Senate, Committee on Foreign Affairs and Committee on Armed Services. *Mutual Security Act of 1951: Hearings before Committee on Foreign Relations and the Committee on Armed Services*, 26-31 July and 1-9 August 1951 (Washington, D.C.: GPO, 1951), 352.

³¹ U.S. Congress, Senate, Committee on Foreign Affairs and Committee on Armed Services. *Mutual Security Act of 1951: Hearings Before Committee on Foreign Relations and the Committee on Armed Services*, 26-31 July and 1-9 August 1951 (Washington, D.C.: GPO, 1951), 363.

technical assistance through Point Four, saw that program as working hand in glove with military programs in the Cold War.

Nor was everyone in the Truman administration enthusiastic about the value technical assistance to Latin America or any other region, prior to the Korean War and the Mutual Security Act. One of the most disdainful critics of aid to Latin America was George F. Kennan. As early as March 1950, State Department Counselor Kennan, in a communique to the State Department on U.S. policies toward Latin America, noted frankly that “where the concepts and traditions of popular government are too weak to absorb successfully the intensity of the Communist attack, then we must concede that harsh governmental measures of repression may be the only answer.”³² His opinions suggested that most of Latin America fell within the latter category. Kennan wrote that it seemed “unlikely that there could be any other region of the earth in which nature and human behavior could have combined to produce a more unhappy and hopeless background for the conduct of human life than in Latin America.” As evidence for this less-than-ideal state of affairs he presented the Iberian conquest and the unfortunate circumstance that located the bulk of the South American continent near the equator, in contrast to North America, which was ran to a thin strip near the equator. The consequence of this history and geography, according to Kennan, was an all-encompassing inferiority complex. Thus, “the inordinate splendor” of the region’s cities was simply “an attempt to compensate for the wretchedness and squalor of the hinterlands from which they spring.” The Latin American personality, Kennan wrote, displayed as a result of this sense of failure an “exaggerated self-centeredness and

³² *FRUS*, 1950, 2:607.

egotism--in a pathetic urge to create the illusion of desperate courage, supreme cleverness, and a limitless virility where the more constructive virtues are so conspicuously lacking.”³³ Kennan portrayed Latin Americans as insecure people who compensated by constructing a self-image that emphasized pride and masculinity.

George Kennan’s unselfconscious display of racism suggests the importance of historical understandings, racist and otherwise, in U.S. perceptions of Latin America. Just as their pride in U.S. agricultural institutions and “know-how” was rooted in the long history of those institutions dating back to the Civil War, so they viewed Paraguay (and other Latin American countries) through a simplistic, essentialist lens similar to what Edward Said would later call “orientalism.”³⁴ In 1953 Ambassador George Shaw, for instance, said of the Paraguayan population that “while of a remarkably homogenous character.... does not appear to possess the native intelligence and capacity, the educational background, and the drive which lead to progress in the economic sphere.” The structure of Shaw’s statement, suggesting that such a “homogenous” population might be expected to be more intelligent or ambitious, reflected a disdain for Paraguayans, all the more unfortunate from a man who also described Paraguay as “fertile ground for almost all types of Point Four assistance.”³⁵

Racist understandings of history also tainted those directly involved in Point Four. Henry G. Bennett, when testifying before the Senate during the hearings on the Mutual Security Act, expressed pride in Point Four’s accomplishment’s in Latin America. A

³³ *FRUS*, 1950, 2:600-602.

³⁴ Edward Said, *Orientalism* (New York: Random House, 1994).

³⁵ *FRUS*, 1952-1954, 4:1469

skeptical Senator Green from Rhode Island demanded to know if the average Latin American was not only able but “willing to work.” Green raised the point, he said, because in certain unspecified “other parts of the world” even the healthiest, most well-fed people were not necessarily willing to work. “They say, ‘I don’t feel like working so I won’t work today, I would rather have time to myself,’” he mocked. In response, Dr. Bennett assured him that the majority of Latin Americans came “from European stock.” He further asserted that although some countries, such as Ecuador, Peru, Bolivia, and Paraguay, had an indigenous population, they came “from the old Inca Empire” and thus were “more disposed to work.” When Senator Green pressed him further, Bennett insisted that any Paraguayan could and would work as hard as anyone else, given the same nutrition, health, and education.³⁶

John W. White, a journalist writing in a pamphlet published by the IIAA, trumpeted the work of Point Four and reinforced racist stereotypes of indigenous people. White wrote of indigenous Aymara Indians in Bolivia and Peru that “for over 400 years, ever since the Spaniards came, these Indians have lived in rat-ridden, smoke-filled hovels without windows or chimneys” and said of whites that they treated Indians “worse than animals.”³⁷ Though interethnic violence was a reality in Paraguay as well as the two Andean nations about which White was writing, his description of an unchanging way of life across four hundred years portrayed Indians as backwards, static, and somehow

³⁶ U.S. Congress, Senate, Committee on Foreign Affairs and Committee on Armed Services, *Mutual Security Act of 1951: Hearings before Committee on Foreign Relations and the Committee on Armed Services*, 26-31 July and 1-9 August 1951, (Washington, D.C.: GPO, 1951), 428.

³⁷ John H. White, *We’re Building a Better Hemisphere*, p. 4, Point IV in the Americas folder, Box 20, Duerst Papers, OSU SCARC.

immune to forces of historical change. White's and Bennett's comments revealed that racist interpretations of history influenced both sides of the debate about foreign aid. Critics like Senator Green disdained the intended beneficiaries of Point Four, and supporters like Bennett argued their case using a racist discourse that privileged the work ethic of certain people over others. Bennett and White were, at least outwardly, working to effect change that would lead to a more equitable and democratic Paraguay, but they did so in a way that undercut their avowed intentions. Although neither man drew the conclusion from their arguments that democratic reforms were untenable in Paraguay, racism was part of a discourse that emphasized fundamental differences between Latin Americans and their northern neighbors. This discourse, and the rise of General Stroessner in 1954 made democratic reforms increasingly unlikely.

By the mid-1950s, the U.S. policy of backing right-wing dictators in its war against Communism was firmly in place. According to a diplomatic memorandum, at a National Security Council meeting in February 1955, Secretary of the Treasury George Humphrey "said the Council should realize that a strong base for Communism exists in Latin America." Humphrey argued that "wherever a dictator was replaced, Communists gained," and for that reason, "the U.S. should back strong men in Latin American governments."³⁸ This policy suited Alfredo Stroessner well; in a 1956 meeting with President Eisenhower in Panama City, he told the president that "Paraguay was one-hundred percent anti-Communist and would continue to be so."³⁹

³⁸ *FRUS*, 1955-1957, 6:4.

³⁹ *FRUS*, 1955-1957, 7:1011.

Stroessner also made sure that his countrymen at least made the appearance of reciprocation: in 1958, when Vice President Richard Nixon toured Latin America, protests greeted him everywhere he went (he was almost stoned in Caracas) except Asunción.⁴⁰ By the end of the decade, U.S. Ambassador Walter C. Ploeser wrote that the U.S. had to focus on avoiding “the possibility of any disorderly change which might open the door to Communist infiltration of the government.” Stability, not democracy, had become the overriding concern of the United States in Paraguay.

Despite those priorities, Ploeser made a distinction, in theory at least, between support for Paraguayans and support for Stroessner. He noted that “the U.S. goal was to ensure the stability of Paraguay by supporting the country and its people, but not necessarily the Stroessner government. Support for democracy in Paraguay did not mean showing favors to the current regime there.” Here Ploeser restated Point Four’s sleight of hand. On one level, Ploeser was aware that being anticommunist did not make Stroessner pro-democracy. But in practice it was difficult, and always had been, to separate support for Paraguayans entirely from support of the ruler. By 1960, Ploeser’s successor, Henry Stimpson, dropped all pretense of working toward democracy and argued that U.S. policy should focus on “working with the [Stroessner] regime.”⁴¹

The military assistance programs in Paraguay during and after World War II suggested that, with respect to that country at least, the Mutual Security Act of 1951 did not quite represent a sea change in U.S. aid policy. The United States had begun military aid to Paraguay in 1941, and the appropriations for the lend-lease agreement dwarfed

⁴⁰ Mora and Cooney, *Paraguay and the United States*, 140.

⁴¹ *FRUS*, 1958-1960, 5:911-912.

those of the IIAA programs. The relationship between the United States and Paraguay's military, before and after the passage of the Mutual Security Act, revealed some of the cracks in ideological edifice of Point Four.

During the war years and immediately afterwards, U.S. diplomats like P.O. Chalmers took an ambivalent, if not wholly oppositional, view to backing Paraguay's ruling military establishment. A decade later, however, the preponderance of diplomatic views had shifted. George Kennan's tirade against all of Latin America suggested that ethnocentrism underlay support for military *juntas* to a large degree, but it could not be said that Point Four supporters, or administrators, for that matter, had a necessarily more enlightened view of the people of Latin America, as Henry Bennett's characterization of indigenous peoples showed. Taken together, the U.S. foreign aid policy towards Paraguay from 1942-1954 emerged out of a complex milieu of perceived military necessity, early development theory, and historical narratives imbued with pride, racism, and an idealized picture of U.S. agrarianism that linked agricultural prosperity with democratic forms of government.

CHAPTER V

THE CRISIS OF THE AGRARIAN MYTH

Throughout World War II and the early years of the Cold War, U.S. policy in Paraguay focused on minimizing fascist, then Communist, influence. Aid to Paraguay's agricultural sector was one of the primary means by which this was accomplished. STICA workers drew on their experience with U.S. history and institutions, notably extension programs and New Deal programs like the supervised credit program of the Farm Security Administration, to increase agricultural production and, hopefully, improve the livelihood of Paraguay's farmers. Although U.S. strategic interests in Paraguay receded after the end of the war, STICA and the IIAA continued to operate under the State Department. With the advent of the Point Four program, however, IIAA veterans like Albion Patterson began to see Paraguay as a proving ground for the program.

Agricultural reform efforts under STICA succeeded in increasing certain kinds of crops, such as corn, and in creating systems of credit to purchase modern machinery from the United States. Efforts to increase production of most crops, however, faltered, and land reform remained an intractable problem. In terms of its Cold War goals, STICA may have contributed to averting a rise in the popularity of Communism, but it is not clear that Communism was ever very popular in Paraguay: a CIA agent reported in 1947 that Communists were active in Paraguay but had little public influence or connections to the U.S.S.R.¹ Moreover, in the immediate postwar years figures such as Ambassador Beaulac seemed willing to let Communists

¹ Mora and Cooney, *Paraguay and the United States: Distant Allies*, 119.

play the political game along with everyone else, as his remarks to President Morínigo in 1946 showed.² By 1954, however, when Stroessner took power, the United States was much less willing to let Communists into the political arena, in Paraguay or elsewhere. In its ultimate, most optimistic goal, then—the creation of a democratic government through agrarian reform—STICA’s efforts in Paraguay were insufficient to the task.

If agrarian democracy proved to be an elusive dream in Paraguay by the mid-1950s, it was also proving to be illusory in the United States during the same time. By the time Stroessner took power, faith in the state of U.S. agriculture had waned along with faith in international development. U.S. farmers faced drought and declining prices. As early as October 1953, Secretary of Agriculture Ezra Taft Benson committed the nation to a new farm plan.³ In a special message to Congress in January 1954, President Eisenhower declared that the situation of the nation’s farmers was one of the most important and complicated questions facing the nation. The problem facing the farmer today, he noted, was overproduction.⁴ Nor was there a particular shortage of proposed solutions: after a national congressional fact-finding tour, one congressman reportedly noted drily that “perhaps we should take all the plans advanced for a future farm

² *FRUS*, 1946, 11: 1178-1180.

³ Seth S. King, “Benson Promises Better Farm Plan,” *New York Times*, 16 October 1953, 13.

⁴ Dwight D. Eisenhower, “Special Message to the Congress on Agriculture,” 11 January 1954, The American Presidency Project, <http://www.presidency.ucsb.edu/ws/index.php?pid=10165>.

program, put them into an omnibus bill, and let each farmer take the one that suits him best.”⁵

Don Paarlberg, who would later direct Food for Peace, a U.S. aid program that exported food rather than technical expertise, testified to the harsh reality behind the agrarian dream in the United States. He remarked that “you drive through the countryside and, well, here’s a poverty-stricken family up on a hillside somewhere, sagged in roof, old cow tied out in the yard. People look at it: ‘Well, that’s a real bucolic setting.’ That’s a place where you build real self-reliant people. Now, in terms of health, education, these people are more deprived than their urban associates. But it just doesn’t have the impact.”⁶ Everyday Americans, Paarlberg said, idealized rural life while actual rural American farmers lived in poverty. While the United States promoted or claimed to promote agricultural prosperity abroad using advanced technology and extension services, farmers back home were struggling despite those hallmarks of agricultural modernity. The agricultural crisis Paarlberg described cast doubt on Point Four’s ability to capitalize on the U.S. agricultural technology and experience.

Not all Point Four supporters saw the program as just institutions and technology, of course. Douglas Ensminger, a former member of the office of foreign agricultural relations, reflected on the origins of Point Four in an interview in 1976. He argued that he and M.L. Wilson, the head of the national Extension Service, envisioned Point Four as an embodiment of a certain U.S. educational philosophy. Wilson, according to Ensminger,

⁵ William M. Blair, “Midwest Farmers Stress Price Woes,” *New York Times*, 24 October 1953, 26.

⁶ Don Paarlberg, interview by Ed Edwin, 17 January 1968, OH #52, p. 125, DDEL.

reflected that neither U.S. institutions nor technology were critical to Point Four. Rather, the heart of U.S. agricultural strength—and therefore the heart of its potential for international aid—was “a philosophy of an educational institution helping to find solutions to problems and in helping design programs to solve those problems.”⁷ To a certain extent, however, U.S. Point Four advisors did promote institutional changes, and they modeled many of those changes on U.S. experiences. They established model farms and extension services, and they sought to create institutions for extending credit. Nor was the philosophy of education espoused by land-grant colleges entirely unique to the United States. To the extent that this philosophy linked agrarian prosperity with democracy, perhaps it did belong to the nation’s Jeffersonian tradition. But land-grant colleges also derived their influence from a faith in technocracy and a connection to national security interests that Justin Morrill himself borrowed from Europe.

Several advocates of Point Four later argued that placing the program under the State Department’s control made the program less effective. Ensminger faulted the State Department and the ECA for neglecting the model set by IIAA’s *servicio* and focusing on large-scale economic loans. According to Ensminger, Henry Bennett and President Truman shared a vision for Point Four, and if Bennett had not died in 1951, Point Four “would *not* have been a program seeking large sums of money. It would have been a program that wouldn’t have been billed to change the world in a short period of time.” It would have been given a longer leash. Unfortunately, Ensminger reflected, the operators of the European Recovery Program—the Marshall Plan—had a negative influence on

⁷ Douglas Ensminger, interview by Harry S. Taylor, 16 June and 7 July 1976, p. 4, HSTL, <http://www.trumanlibrary.org/oralhist/esmingr.htm>.

Point Four. The problem was, “they were operating on this short time frame” and imagined that Point Four could be run on a similar schedule.⁸ *New York Times* reporter Felix Waggoner agreed with Ensminger’s assessment of Bennett, quoting him as saying that he did “not believe that Point Four should ever become a ‘big money’ program, in the sense that vast amounts of money or commodities should be poured into the economies of the underdeveloped areas.”⁹ Bennett, according to Waggoner, understood the futility of a development strategy that relied upon throwing money at a country and standing back to watch things change. Ensminger’s and Waggoner’s critique reflected a widely-held belief that the task of rebuilding war-torn Europe and Japan required different tools than did operating development programs elsewhere. That is, the Marshall Plan relied on large injections of capital in the form of loans and grants that could have a positive impact relatively quickly. The TCA, on the other hand, should have operated on a small budget over a longer period of time in order to have any effect. Henry Bennett’s death in a plane crash in 1951 cut short the true potential of the program.

Clark Clifford, another advisor to Truman, shared Ensminger’s disdain for the State Department’s methods. Clifford reflected on his disappointment with learning that Point Four would be administered by the State Department: “All my worst fears about it were realized regarding the manner in which the State Department handled it. They assigned it to a man who already had another job in the State Department, so this became

⁸ Douglas Ensminger, interview by Harry S. Taylor, 16 June and 7 July 1976, p. 92, HSTL, <http://www.trumanlibrary.org/oralhist/esmingr.htm>.

⁹ Felix H. Waggoner, “Point Four Is Arm of Foreign Policy: Aid to Underdeveloped Lands Is Limited but It Operates in Crisis-Ridden Areas,” *New York Times*, 2 January 1950, 70.

just a part-time responsibility of his. It was *not* pushed the way it should have been pushed. At no time did we ever realize *any* part of the potential that the plan had. It ultimately just became bogged down in State Department bureaucracy, and to this day I think that was an unfortunate decision.”¹⁰

According to Stanley Andrews, Henry Bennett’s successor as the head of the TCA, many people in the State Department “were pressing all the time for more and more money and for more and more of what I call building shit houses that you can see instead of slow, educational, patient work.” Though perhaps latrines would have been an important improvement in rural lives, Andrews suggested here—with his emphasis on the constant requests for money—that the State Department was not prepared for the long-term, gradual efforts that Point Four’s success required.

Andrews attributed to his successor, Harold Stassen, much of the blame for this unfortunate change of emphasis: “After the Point IV [program] shifted to Stassen, although you kept technical cooperation in the picture, it was a case of it being just a little tail on the dog that once in a while could wag. Big money changed the emphasis. If a mission director knows he's got 50 million dollars he can spend, it's a whole lot easier for him to commit a check than it is to tell a country, ‘All right now, if you'll do this, we'll put the rest in.’ You improve your own image, you see, when you put that 25 million dollars in, and not the image of the other guy. What these developing countries want is improvement of their own image.”¹¹ According to Andrews, increasing the budget for

¹⁰ Clark M. Clifford, interview by Jerry Hess, 16 March 1972, p. 367, HSTL, <https://www.trumanlibrary.org/oralhist/clifford6.htm#352>.

¹¹ Stanley Andrews, interview by Richard D. McKinzie, 31 October 1970, p. 71, HSTL, <http://www.trumanlibrary.org/oralhist/andrewss.htm>.

foreign aid was actually counterproductive: it encouraged wastefulness and dependence on the United States, instead of careful planning and bilateral cooperation. Andrews accused the State Department and the MSA of financial profligacy and of eroding the cooperative, grass-roots spirit of Point Four. In Paraguay, of course, “big money” had been there since the two governments signed the lend-lease agreement for \$11 million in late 1941.

The mutual security program’s use of global military aid also aroused the ire of Point Four supporters. Douglas Ensminger decried the combination of military with technical aid represented in the Mutual Security Act. According to Ensminger, “what we essentially did, through the military systems pact, was made it possible for the small elitist to further entrench themselves, to further institutionalize themselves, to further exploit their poor people.” Military alliances with authoritarian regimes, then, were antithetical to the reformist spirit of Point Four. Ensminger also reflected on the hubris of the belief that the United States possessed special wisdom when it came to improving the livelihoods of the poor: “We think we are greatly enlightened in this country, but we haven’t always been,” he said. “Look at the sweat shops in the garment industries, in the thirties? You go to these countries where we, in this context of the elitist, where we’ve helped build these great big industries, we have made it possible for a few people to get very rich. And they’ve gotten rich off the back of the poor.” Ensminger’s comparison with U.S. labor standards in the 1930s is telling. The Point Four program, begun in the heady optimism and triumphalism of the postwar years, cast a bright, progressive hue over the history of the nation. But as the Cold War dragged on and poverty remained an intractable problem throughout the world, people like Ensminger began to draw less

optimistic lessons from the U.S. experience. These lessons were dangerous to ignore. According to Ensminger, it would be “many times more difficult, short of a revolution, to bring about the necessary reforms in these countries than would have been the case had the Truman approach to this thing been understood and have been institutionalized and have become our instrument for helping these countries....my guess is a lot of these leaders said, ‘Look, I’ll take your military aid, but you get off my back on land reform.’”¹² Ensminger held out the specter of the “revolution” that might be necessary to carry out the changes that Point Four might have accomplished peacefully—revolutions directed against dictators and their supporters in the United States.

Point Four supporters and architects of foreign policy took an ambivalent view towards revolution. They saw themselves as living in a stable, prosperous oasis in a sea of revolutionary tumult. Occasionally, some of them maintained that the United States was well-suited to lead this movement (and certainly much more so than the Soviet Union). Nelson Rockefeller noted, for example, that the United States had itself emerged out of a violent revolution. More often, however, as Ensminger’s words suggest, revolution was a thing to be feared. Stability became the *raison d’etre* for aid programs in Paraguay and elsewhere.

Ensminger’s condemnation of the system of military alliances that maintained that stability suggests a turn for the worse in policy, the abandonment of noble ideals. But the Mutual Security Act, combining as it did pieces of legislation already in existence, arguably represented a bureaucratic re-organization more than anything else. It did extend the military aid provisions of the 1949 Mutual Defense Assistance Act to Latin America

¹² Douglas Ensminger, interview by Harry S. Taylor, 16 June and 7 July 1976, p. 78-79, HSTL, <http://www.trumanlibrary.org/oralhist/esmingr.htm>.

as a region for the first time. But in Paraguay, at least, military aid had co-existed with small-scale, grassroots-type agricultural work since the early 1940s. Ensminger's criticism also reflected a latent assumption that had the Point Four program continued as intended, it would have stimulated the creation of a more equitable, democratic society, or at least one not ruled by military elites. But that assumption ran headlong into less progressive views about the link between development and social reform.

Dennis FitzGerald, the secretary-general of the IEFC, offered perhaps the most ambivalent statement regarding the effects of colonialism on “modernization” in an interview years later. After rejecting the idea that modernization could be accomplished rapidly, he reflected that “Korea probably had a better climate” for large-scale industrial modernization because “say what you want about the Japanese colonialism which was extensive and firm, and in many respects perhaps ruthless—they understood that if one was going to have an efficient community, country, territory, whatever, you had to have the people with basic education.” According to FitzGerald, places like Korea and Taiwan, where the Japanese had established compulsory education, were better suited for the kinds of expensive modernization projects that the United States increasingly embarked upon.¹³ Herein lay the antithesis of development aid as a path to political democracy. Sometimes, according to FitzGerald, an “extensive and firm,” and even “ruthless” autocracy—even one that the United States had utterly destroyed in nearly four years of horrific war—could spur development quicker than a democracy.

¹³ Dennis A. FitzGerald, interview by Dr. Thomas Soapes, 26 May 1976, OH #387, p. 11, DDEL.

Fitzgerald voiced an opinion that few others did publicly. For the most part, U.S. policy makers not only denied imperial aspirations but actively tried to discourage them. Like much of the Point Four program, this posture came from a roseate picture of history in which the U.S. itself had emerged from colonial beginnings; the United States could only benefit from the inchoate nationalism of the Third World, provided it was steered away from Communist subversion.

U.S. policy thus rested on a set of historical assumptions. Many Point Four workers contrasted a triumphalist view of U.S. agricultural history with Paraguay's history (and that of other developing countries). Where the U.S. was modern, industrial, secular, and engaged with the world, Paraguay was backward, underdeveloped, religious, and isolated. Moreover, the path from Paraguay's situation to that of the United States was more or less the very same path which the United States had taken in the nineteenth century. If the U.S. shared its expertise and technology with other countries, those countries could accomplish agricultural reform and modernization. If recipients of aid could modernize and reform their agriculture, they would become prosperous, modern, *democratic* nations. And if recipients of aid became prosperous, modern, and democratic, they could not help but be allies of the United States.

This should not obscure the fact that many STICA workers, from the United States and Paraguay alike, worked hard to improve the lives of rural Paraguayan farmers. The longevity of the program, surviving through coups d'état, the 1947 civil war, and general U.S. disinterest in Latin America in the postwar years, suggest that many Paraguayans, not least the ministers of agriculture, saw it as a useful program. Paraguay was one of only four countries in Latin America, along with Peru, Haiti, and Costa Rica,

where the IIAA continued to operate major programs in the years between the end of World War II and the inauguration of the Point Four program.¹⁴ By 1953, as Ambassador Shaw noted, Paraguay had the fourth largest technical cooperation program in Latin America. This was no mean feat for the country with the smallest population in the region.¹⁵

Stanley Andrews' assertion that the program was entirely run by the United States, which controlled the purse strings, certainly reflected an imbalance of power but was not entirely accurate where Paraguay was concerned. A summary report on the work of STICA published in 1949 noted that although the program began in 1942 with a U.S. contribution of \$250,000 and a Paraguayan contribution of \$50,000, by 1949 the U.S. was contributing \$100,000 and Paraguay \$357,087.¹⁶ The financial control of STICA shifted increasingly from the United States to Paraguay in these years, following the conception of Point Four as a temporary, if long-term, program that would not be a bottomless pit for congressional appropriations.

Point Four proposed to focus on technological and institutional expertise, rather than capital, as the primary way of extending foreign aid. Consequently, many Point Four workers and policymakers involved in the program came from land-grant colleges with degrees in agronomy or agricultural economics. Many had prior experience working with the FAO or the U.N. Many, like Elvin Duerst and Albion Patterson, went on to serve in

¹⁴ Mosher, *Technical Cooperation in Latin American Agriculture*, 19-20.

¹⁵ Interdepartmental Advisory Council on Technical Cooperation, "Country Study on Paraguay," p. 3, 5 February 1951, Paraguay General folder, Box 9, Technical Cooperation Admin Office of the Legal Counsel Country Files, 1949-1953, RG 469, NA.

¹⁶ STICA, *Agricultural Progress in Paraguay*, 7.

the emerging field of international development all over the world. Many, such as Douglas Ensminger, Stanley Andrews, and Don Paarlberg expressed the deep disillusionment of a dream betrayed—large scale, expensive military aid overwhelmed grass roots, low budget technical assistance, thus leaving unfulfilled the ideal of agrarian democracy in the Third World.

And yet their criticisms of the Mutual Security Program and the relative decline in importance of technical assistance is somewhat misleading in the case of Paraguay. Large scale military aid to Paraguay began much earlier than the passage of the Mutual Security Act in 1951, and Point Four was always a weapon of the Cold War, a means to a very specific end—stopping Communism, real or suspected. In that sense it was of a piece with the Mutual Security Act.

The Point Four program in Paraguay emerged from a combination of optimism, arrogance, naiveté, compassion, and fear. It was emblematic of the United States' new position as a global superpower. It also represented, in the eyes of its creators and supporters, the best traditions of the United States and the advantages of those traditions over Communism. Point Four supporters constantly reiterated the importance of peacefully preventing Communist subversion in what was essentially a military standoff. Point Four, then, was an instrument of the Cold War. That is not to say that the people who stressed its humanitarian potential were being disingenuous. It is to say that for a certain set of people in the late 1940s and early 1950s, anticommunism became a tenet of humanitarianism.

In later years, Ambassador Thomas Mann reflected on the optimism and hubris of the United States in the postwar years. "We were on the crest of a wave," he told an

interviewer, “and nobody, literally nobody on the Hill or anywhere else ever questioned our ability to do anything if we wanted to do it if we were willing to spend the money and the effort to do it.”¹⁷ That kind of wide-eyed optimism is hard to relate to now, but foreign aid has remained a staple of U.S. foreign policy.

Agricultural assistance was a critical component of Point Four. Many, perhaps most, of the nations in the Third World whose allegiance the United States hoped to win still had economies based on agriculture. The United States, though an industrialized nation, saw its own agricultural history and prosperity as a model for other countries. Point Four hoped to use that model to improve the livelihoods of peasants, promote political reform, and avoid Communism. Thus Point Four linked agriculture, politics, and international conflict. In all its complexity, Point Four represented the *ideals* of the United States.

Military aid, on the other hand, did little to improve the lives of everyday people or promote democracy under undemocratic regimes, since the power of those very regimes often rested on military might. In a sense, military aid ran at cross-purposes with Point Four. But in a larger sense, which would become clear as the rifts of the Cold War deepened, they were both expressions of power. It would be tempting to say that the militarization of U.S. foreign aid was inevitable. It would be more accurate to say that U.S. foreign aid policy by definition treated recipients of aid as possible enemies. The United States held a gun in one hand and a plow in the other, and rarely did a policymaker question what would happen if it had to drop one.

¹⁷ Thomas C. Mann, interview by Maclyn Burg, 17 December 1975, OH #353, p. 15, DDEL.

APPENDIX

ABBREVIATIONS

AAA	Agricultural Adjustment Administration
ASULGC	Association of State Universities and Land-Grant Colleges
DDEL	Dwight D. Eisenhower Library, Abilene, Kansas
FRUS	Foreign Relations of the United States
HSTL	Harry S. Truman Library, Independence, Missouri
IEFC	International Emergency Food Council
IIAA	Institute of Inter-American Affairs
NA	National Archives and Records Administration, College Park, Maryland
NATO	North Atlantic Treaty Organization
OCIAA	Office of the Coordinator for Inter-American Affairs ¹
OFAR	Office of Foreign Agricultural Relations (branch of the USDA)
OSU SCARC	Oregon State University Libraries Special Collections and Archives Research Center, Corvallis, Oregon.
MSA	Mutual Security Agency
NSC	National Security Council
TCA	Technical Cooperation Administration
USDA	United States Department of Agriculture

¹ Known at different times as the Office for Coordination of Commercial and Cultural Relations between the American Republics (OCCCRBAR) or the Office of Inter-American Affairs (OIAA).

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